

Crews of Israeli self-propelled artillery waiting orders at the Lebanese border on Friday, ready to move in case Islamic guerrillas resume their rocket attacks on Israel.

Tension Up As Israelis Post Armor At Border

By Clyde Haberman
New York Times Service

METULLA, Israel — Thousands of residents were reported Friday to have fled villages in southern Lebanon as Israel sent tanks and artillery to its northern border, ready to enter Lebanon if guerrillas there resumed rocket attacks against Israeli towns.

Although tensions ran high on both sides of the border, there were no signs that a widespread conflict was about to erupt as a result of a raid by Israeli warplanes on Thursday that killed numerous young guerrillas at a base of the pro-Iranian Hezbollah, or Party of God.

At a funeral for some of the victims in Lebanon, which declared Friday a day of mourning, thousands beat their chests and promised to press the anti-Israel fight. "Zionists wait, wait — Hezbollah is coming!" they chanted.

The massing of Israeli armor at border points seemed to have a strong element of muscle-flexing, underlined by the relatively relaxed manner of some soldiers as they loomed on top of tanks and listened to radio music. There were no reports of a large-scale movement of forces in Lebanon.

In addition, most Israelis in Metulla and other northern towns went about their normal business, although many had spent the night in shelters after the Islamic guerrillas fired dozens of portable Katyusha rockets at Galilee. No casualties or serious damage were reported.

Many Israelis stayed off the streets and prepared for a second night in their shelters in case rockets start falling again. It was a familiar pattern for residents in towns like Kiryat Shmona, eight kilometers south of Metulla. But Yossi Suedimani, a grocer there, said: "You never get used to it. It's scary. You have children, and you worry."

It was still not clear exactly how many guerrillas were killed when Israeli helicopter gunships and fighter planes attacked the Hezbollah base deep in the Bekaa Valley, where Syrian forces are dominant.

Hezbollah, supported by Iran and abetted by Syria, put the toll at 26 dead and 40 wounded, but some reports from Lebanon and from Israeli officials said that as many as 50 may have been killed and scores of others wounded.

Most of the victims were said to be in their late teens, young recruits who were undergoing training and who were sleeping in tents when the Israeli strike hit as part of what Prime Minister Yitzhak Rabin called an "ongoing war."

In Beirut, Hezbollah said that three more of its fighters were killed by Israeli soldiers Friday during an exchange of fire in a strip of southern Lebanon that Israel has controlled since 1985.

Aside from the high casualties, the latest strike was in many respects routine, for there have been dozens of such Israeli raids against guerrilla targets in recent years.

Often, those strikes were ineffectual. This one had devastating results, though, and the army command told Israeli reporters that the reasons were good timing and "new intelligence."

His remarks fed speculation that important data had been provided by Mustafa Dirani, a Shiite Muslim leader in Lebanon kidnapped by Israeli commandos on May 21.

WORLD BRIEFS

Coalition Partners Stick With Kohl

ROSTOCK, Germany (AP) — The junior partners in Chancellor Helmut Kohl's government voted overwhelmingly Friday in support of continuing the center-right coalition after the Oct. 16 parliamentary elections.

In a show of confidence in Mr. Kohl's ability to be re-elected, 626 delegates at a convention here of the Free Democrats voted for the coalition, with 16 opposed. The Free Democrats have governed with Mr. Kohl's Christian Democratic Union since 1982.

Some members of the party, which is pro-business and liberal on social issues, had discussed breaking out of the coalition earlier in the year, when polls showed Mr. Kohl trailing his Social Democratic opponent by as many as 14 percentage points.

EU Front-Runner Just Laughs It Off

BRUSSELS, June 3 (Reuters) — Prime Minister Jean-Luc Dehaene, the unannounced front-runner to succeed Jacques Delors of France as European Commission president, had heard the question for what must have been the umpteenth time. Was he a candidate to succeed Mr. Delors? "No comment," he replied Friday after the weekly cabinet meeting.

Asked when he would comment, the Belgian prime minister responded: "When I feel like it." Then he burst out in laughter.

The two declared candidates are Prime Minister Rudi Lubbers of the Netherlands and Sir Leon Brittan, the European Union trade commissioner. Government officials from both France and Germany said this week that they preferred Mr. Dehaene, who speaks French fluently and who distinguished himself when Belgium held the EU presidency during the closing stages of world trade talks last year. A decision might be made at the June 24-25 EU meeting on Corfu.

A Defiant Major Vows to Fight On

LONDON (Reuters) — John Major vowed Friday to fight on as Britain's prime minister even if his Conservative Party is trounced in next week's European Parliament elections.

Trying to take the sting out of opinion polls showing the Conservatives could be humiliated in the vote Thursday, Mr. Major said he was determined to serve out his five-year term and would lead his party into the next general election, which is due by 1997.

In a BBC phone-in program broadcast on television and radio, Mr. Major fielded angry questions from voters variously disillusioned with the government for presiding over a decline in British manufacturing, growing violence and rising taxes. He acknowledged the decision to raise taxes had been unpopular but said it had been necessary to cut the government's budget deficit and so set the stage for economic recovery, which was now the strongest in Europe.

U.S. Investigates Jet Engine Safety

CINCINNATI (Reuters) — The U.S. government is looking into allegations that 7,000 military and commercial jet aircraft engines — including the ones that power President Bill Clinton's plane — may be defective, but has found nothing so far, the Justice Department said Friday.

The manufacturer, General Electric Co., denied the allegations, that arose in a civil lawsuit, saying the engines have flown for more than 200 million hours without an electrical problem such as the one in question.

The Federal Aviation Administration later issued a statement saying that "nothing we have seen thus far has indicated any safety problem" with the engines. The investigation was first divulged by a Cleveland newspaper, which quoted from the suit filed by a GE employee.

TRAVEL UPDATE

U.S. Scraps Airplane Landing System

WASHINGTON (WP) — The Federal Aviation Administration said it was scrapping the development of a system to guide airplane landings after an investment of 27 years and \$400 million, because the program has been overtaken by an alternative technology.

The move came as the agency was preparing major changes in a multibillion-dollar contract to modernize the computers in the country's air traffic control system. The agency announced Friday that it would scale back efforts to develop new equipment and focus on buying "off-the-shelf" technology that it hopes will lower costs.

Both steps reflect major rethinking of how aircraft should be guided through the skies in the 21st century. Finding ways to allow more planes to fly safely in already crowded airways is a key to the growth of air travel.

Archaeologists say a tomb found in the Mayan ruins of Palenque in southern Mexico may be that of an ancient Mayan leader. The tomb contained the skeleton of a man covered in jade adornments and was found in a central building of the ruins at the jungle-shrouded site, said Arnoldo Gonzalez, who led the team that made the discovery. Only one other such tomb, that of the Mayan king Pacal, has been unearthed at Palenque. (Reuters)

Australia Asia Airlines, a subsidiary of Qantas Airways, said it would introduce a new weekly flight from Cairns and Brisbane in Australia to Taipei. (AFP)

Some large hotels in the Miami area have decided to screen out newscasters of a local television station because of its zealous coverage of crime news. The hotel owners, already dismayed by several highly publicized killings of tourists in Florida last year, say they are angry with what they call the sensational style of the station, WSVN. (NYT)

The U.S. Department of Transportation has proposed reducing the number of El Al flights between New York and Israel because the Israeli government has refused to allow World Airways, an American carrier, to fly the same route. But industry experts said the proposed flight reductions were more a tactic to persuade Israel to change its mind than a restriction that would actually be imposed. (NYT)

Church Was No Haven for Tutsis Fleeing Massacre

By Donatella Lorch
New York Times Service

NYARUBUYE, Rwanda — The banner across the entrance to the red brick church here announces the celebration of a festival. A poster of Pope John Paul II is tacked on the main door and above it is a large white statue of Jesus, his arms beckoning. Inside, are the remains of victims of a mass slaughter carried out by government-trained militiamen in mid-April.

In what they had hoped would be a refuge from the deadly irrationality of tribal and political violence, more than 500 members of the Tutsi tribe found their way to the church compound only to be shot or hacked to death by Hutu soldiers in classrooms, bathrooms and courtyards, and then left to rot.

It appears that they were methodically hunted down, first in the church, then in the school, and finally in the workshops near the soccer field. Residents say that probably 1,000 more were killed and buried in mass graves in the town.

A frenzy of killing was evident at the rear of the compound. There, eight rooms are filled with hundreds of corpses, shoulder to shoulder, and piled onto one another. One hundred more were killed in a courtyard, now half skeletons, their flesh in shreds. There are so many that it is impossible to walk through without treading on them. More corpses are hidden in the tall grass.

"It took them two days to kill everyone in the church," said Consolata Mukatwagirimana, 27, a Tutsi, whose family was killed at home and who like the rest of the town has fled to a camp 80 kilometers (50 miles) away. She accompanied reporters to the church.

"People from three communities had taken refuge in this place," she said. "Several hundred militiamen came, I

recognized some from our own town. They were shooting and using machetes."

This village, now under control of the Rwandan Patriotic Front, the rebel group led by the minority Tutsi tribe, appears typical of many devastated by regular army troops or militiamen of the majority Hutu tribe, in the early days of the civil war. The buildings are empty, the livestock is gone. Only corpses and the sound of the wind remain.

When entire towns were erased by such massacres, the killers usually buried their victims. But many of Nyarubuye's dead remain where they fell, probably because the militia, and later the rebels, lacked the time or manpower to dispose of the bodies.

The massacre here took place on April 16 and 17. And while it is one of the largest known so far, it is one of more than a dozen uncovered in Rwanda since civil war broke out on April 6.

Since then, tens of thousands have been killed, with unverifiable estimates of 200,000 and more. Though the fighting is between the army and the rebels, the mass killings have mostly been done by Hutu military and the extremist militias, youths trained by the military and the former ruling party of Rwanda.

They have tried to mount a campaign to exterminate all members of the Tutsi minority tribe and have even hunted down moderate Hutu politicians. The massacres have been uncovered as the rebels have taken over more than half the country and escorted journalists to see them. UN officials and relief workers say that more massacres remain to be uncovered and that mass killings continue to take place in government-controlled areas.

Although the rebels have the upper hand militarily and are routing the Rwanda Army in the south, the fighting in

the capital, Kigali, is heavy, with mortars and machine-gun fire at night. The Patriotic Front controls northern and eastern Rwanda, but it is mostly a land made empty by large-scale death. The rebels took over countryside already devastated by the Rwandan Army.

The paved road to Kigali is officially in rebel hands but few venture down it because they say it is unsafe. There are frequent rebel road checkpoints made of plastic Coca-Cola crates but only occasionally are troops seen driving by. Rebels act as guards for farmers in the field to protect them against marauding militias.

The area around Nyarubuye fell to the Patriotic Front in the first week of May but the town, about 36 kilometers east of Kigali, is so remote that the massacres were only discovered recently.

Almost all the residents have either taken refuge in Rwanda, Tanzania, or have been killed. The town was mostly Tutsi. Soon after the massacres began in Kigali on April 6, Tutsis from three communities came to take refuge in the church.

Miss Mukatwagirimana, who was given refuge by a Hutu family, said the militia had been planning the attack for a while. "They had been thinking about it. Before, they would talk about such things, but we thought it was just words. I have seen so much this does not shock me. I no longer feel fear."

A dozen bodies lay sprawled in the church's main courtyard, some no more than pieces of flesh and skeletons dressed in clothes. One woman was hacked to death as she ran away. She lies face down, one arm outstretched, the other clutching her small child, decapitated. The classrooms still have the chalked lessons on the blackboards. In one, the lesson of the day had been French conjugation. More than a dozen boys were killed there.

Illegal Aliens Riot In German Jail Over a Suicide

The Associated Press

MAGDEBURG, Germany — A Chinese man awaiting expulsion as an illegal alien hanged himself in jail, setting off a riot on Friday, justice officials said.

The 43-year-old man's body was found hanging by knotted-together socks in a recreation room of the jail Thursday night in Magdeburg, in eastern Germany. Thirty other foreigners awaiting deportation broke windows in their cells and barricaded themselves inside the building after the body was found, the Justice Ministry in Saxony-Anhalt state said.

Germany last year tightened its laws to stop an influx of hundreds of thousands of refugees. Previously, almost anyone could enter Germany and remain for years while his or her political asylum request was considered.

A law that went into effect last July turns back most would-be immigrants at the borders and permits states to expel quickly those whose asylum requests are rejected.

Letter Bombs Hurt 3 in U.K.

Reuters

LONDON — Three people were wounded in a series of letter bomb attacks aimed mostly at animal and meat processing plants across Britain on Friday, the police said. No one claimed responsibility.

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FBI Says Handlers Rifled Luggage

By Bill Miller
Washington Post Service

WASHINGTON — Eight baggage handlers at National Airport here have been arrested after FBI surveillance cameras caught them rifling suitcases and stealing jewelry, computers and other valuables, authorities said.

The workers, all employed by American Airlines, were rounded up Wednesday night and Thursday following a three-month FBI investigation. More than two dozen times, the FBI said, hidden cameras recorded them searching through belongings as unsuspecting passengers waited for luggage nearby.

The investigation began early this year after American Airlines contacted airport police for help in solving a rash of thefts. A spokesman for American Airlines said, "We take these issues very seriously."

The arrests were the latest in a series of crack-downs by the FBI against thefts and other crimes at the nation's airports. In recent years, the FBI has broken up other rings in New York, Miami, Houston, Chicago and Los Angeles.

"They'd pick a bag, reach in, see if it had jewelry or cameras, and then pull the items out," said Timothy P. McNally, an FBI supervisor. "We're not talking about complex planning or sophistication, but they moved with dispatch. These are not well-organized rings — they're just primed for profit."

The crime could face up to five years in prison. The crime is a federal offense because baggage transportation is interstate commerce.

Most of the thefts at National Airport occurred in the late evening or early morning. Authorities said they had not determined how many bags had been pilfered or set a value on the items. None of the property has been recovered.

The baggage handlers "were helping each other by acting as lookouts, passing stolen items to each other, and arranging for one to unload baggage while another stole," according to an affidavit filed Thursday by the FBI in U.S. District Court.

According to industry estimates, three of every 100,000 checked bags are stolen or have property taken from them. Each day, more than 2 million bags are checked at airports across the country.

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THE AMERICAS / EVANGELICAL POLITICS

Rising Strength of Conservative Christians Is Rattling Republican Politics

By Richard L. Berke
New York Times Service

ST. PAUL, Minnesota — After years of quietly building support, conservative Christians have burst into view this year as an important, often divisive, force in Republican politics. They now have control of six state party organizations and are making inroads in several others.

The rise of evangelical Christians, whose presence has substantially grown since Pat Robertson ran for president in 1988, has led to bitter intraparty battles in several states.

Typically, traditional suburban moderates denounce the evangelicals as interlopers and fear that their stands on emotional issues like abortion will drive people from the party.

The most unexpected success of the religious right has been in Minnesota, a state that is generally considered a province of liberal Democrats. The evangelicals have

turned on Governor Arne H. Carlson, a Republican who favors abortion rights and gay rights, with such force that he has abandoned hope of winning the Republican endorsement in two weeks for his re-election.

Instead, the party has rallied behind Allen Quist, a corn and soybean farmer and former state legislator with close ties to the religious conservatives. He takes a hard line against abortion and homosexual rights, espouses creationism and contends that there is a "genetic predisposition" for men to be heads of households.

Christians who cleave to a strict interpretation of the Bible have effectively taken over the Republican parties in Texas, Virginia, Oregon, Iowa, Washington and South Carolina and have made significant advances in several other states, including Florida, New York, California and Louisiana.

Unlike many economic-oriented Republicans, those in the religious right are fervent Christians drawn to candi-

dates largely for their spiritual views and moral crusades on social issues. These groups are by no means monolithic and vary considerably from state to state.

A big test of their influence will come this weekend in Virginia, when the state Republican convention votes on whether to nominate Oliver L. North, a favorite of the religious right, over James Miller 3d for the U.S. Senate.

The following weekend in Texas, where evangelicals now dominate the state Republican party hierarchy and effectively forced out the longtime chairman, Fred Meyer, the new delegates are expected to elect a leader who is more representative of evangelicals.

Many Republicans who describe themselves as mainstream fear that the internal party upheavals will undermine the national party's strategy of playing down divisions and seeking to repair the image of intolerance from the national convention in Houston in 1992.

"This is a complete religious takeover," Mr. Carlson said in an interview at the State Capitol here. "Quist sees himself as the Messiah — that he'll decide right and wrong. And these are people that are very fervent in their support of a pro-life position. So now the issue is, really, 'Are you one of us?'"

Told of Mr. Carlson's remarks, Mr. Quist replied: "He's crazy. The Carlson people are throwing everything at me."

Republicans strategists fear that if their party is pushed too far to the right, it will not only hurt them in this year's congressional elections but could also make it hard to nominate a candidate close enough to the middle of the political spectrum to present a serious threat to President Bill Clinton in 1996.

"This division within the party could be the roadblock to long-term Republican dominance of national politics," said Steven Schier, a professor of political science at Carleton College in Northfield, Minnesota.

"People are being brought into the party with a narrow-

ly defined religious mission. When you start talking from a Biblically influenced agenda, that is quite alien to the swing voters."

But Ralph Reed, executive director of the Christian Coalition, which Mr. Robertson founded after he unsuccessfully ran for president, disputed the notion that the religious right is made up of extremists who are dividing the party.

He said, "The Republican Party is likely to be a more grass-roots party and a more family-friendly party that will pay closer attention to the fact that what ails America is not just 'the economy stupid,' but moral and social issues as well."

The ascendancy of the religious conservatives has put the national party in a quandary: while Republicans do not want the party to become more fragmented, they cannot afford to lose the support of the evangelicals. So far, national party leaders have refused to take sides in any of the intraparty struggles.

★ POLITICAL NOTES ★

Cuomo's Fourth Race May Be Toughest

BUFFALO, New York — Even before Governor Mario M. Cuomo of New York took the stage here to launch his campaign for a fourth term, one of his top strategists was giving party activists a description of the problems ahead for the incumbent.

"I didn't know literally one-tenth of what he had done in New York," said David Garth, the veteran consultant hired to do Mr. Cuomo's advertising this year. "Nobody really knows his record. We really have to find out how to get the story across."

That is a common lament of unpopular incumbents across the country and one reason Mr. Cuomo, a Democrat, faces what his campaign manager predicted would be "the toughest campaign we've ever had — tougher than '82," when Mr. Cuomo narrowly won the governorship for the first time.

Since then, Mr. Cuomo has dominated the politics of this state, and at times his star shone so brightly that he was considered a favorite to become his party's presidential nominee.

But in 1994, with incumbency often more a burden than a benefit, he begins his campaign on the defensive, trying to fight off charges that he has overstayed his welcome and has no stronger rationale for another four years than, as he said Thursday, "I'm ready to finish what I started."

He was defensive and defiant in accepting his party's nomination at its state convention that concluded Thursday. He claimed he cut state income tax rates that had been raised by his Republican predecessors, saying, "We're the tax-cutters, not the Republicans."

And he turned the opposition by claiming he would fight crime and violent criminals with more intensity, despite his long-stated opposition to the death penalty. "Republicans talk tough on crime, but they cannot put their record where their rhetoric is," Mr. Cuomo said.

(WP)

Is Press Going Easy on Rostenkowski?

WASHINGTON — Cynical reporters generally act like blood-sucking sharks when a member of Congress is indicted. But much of the coverage of Representative Dan Rostenkowski, who has known some Washington journalists for 35 years, has been strikingly sympathetic.

As a federal grand jury charged the Chicago Democrat this week with defrauding the taxpayers of more than \$500,000, several reporters and pundits portrayed the 17-count indictment as a Beltway tragedy.

"Anybody who thinks that what Rostenkowski did deserves a prison sentence, I think they've got a distortion of reality," the columnist Robert Novak said on a CNN political talk-show.

David Broder, a columnist for The Washington Post, called the charges "a source of genuine sadness," writing that "Rosty is a warrior, someone who is willing to take on tough fights."

The obvious affection for the longtime House Ways and Means Committee chairman contrasts with the generally negative coverage that surrounded the resignation of the former House speaker, Jim Wright of Texas, the sexual harassment allegations against Senator Bob Packwood of Oregon and the recent indictment of Senator David Durenberger of Minnesota. Had another lawmaker been charged with embezzling cash for House postage stamps and hiring "ghost employees" who mowed his lawn and picked up his laundry, the press probably would have pilloried him as a symbol of congressional corruption.

(WP)

Quote/Unquote

Senator Dianne Feinstein, Democrat of California and one of 30 original Senate sponsors of the president's health-reform plan, on her decision to withdraw her sponsorship: "I stand with the president on the need for health-care reform, but it is now clear his bill will be substantially reworked in both the Senate and the House."

(AP)

State Ruling on Rape Alarms Victims Groups

By Dale Russakoff
Washington Post Service

PHILADELPHIA — A Pennsylvania Supreme Court ruling that saying no to a sexual assault is not sufficient grounds for a woman to prove she was raped has alarmed victims advocacy groups and prosecutors who contend it makes a major setback for rape victims.

The state's highest court unanimously ruled May 27 in what is known here as the "No is Not Enough" case that merely proving a woman did not consent to a sexual encounter does not constitute rape under Pennsylvania law, which requires proof of "forcible compulsion" or the threat of force.

The seven-man panel said it had accepted the appeal of the 1988 case, Commonwealth v. Berkwitz, involving two East Stroudsburg University students who knew each other, to address "the precise degree of force" necessary to prove forcible compulsion, which the law does not define. The court upheld a lower court's decision reversing the man's rape conviction but reinstating his conviction for indecent assault, a lesser charge.

The court opinion states that the victim said "no" throughout the encounter. Addressing the question of force, it said she "agreed that appellee's hands were not restraining her in any manner during the sexual penetration, and that the weight of his body on top of her was the only force applied."

Advocates for rape victims around the country and local prosecutors said the ruling underscores the problem with sexual assault statutes like Pennsylvania's that require proof of force or active resistance to establish rape. Roughly half of the states require some proof of physical force in their rape laws, but state courts have issued widely varying interpretations, according to victims advocates.

"This goes against what we've been teaching women all these years — to say 'no,' and mean 'no,' and after that, any noncon-

sensual sex act is rape," said Kathryn Geller Myers, spokeswoman for Pennsylvania Coalition Against Rape. "The message here is that a woman has to physically resist and risk serious bodily injury to prove she was raped."

"If you're a 107-pound woman and a 280-pound guy is on top of you, I think that's forcible compulsion," Ms. Myers said.

Cassandra Thomas, president of the National Coalition Against Sexual Assault, said: "This is one of the worst setbacks for the sexual assault movement in the last several years."

According to the opinion, the woman entered the room of Robert A. Berkwitz, then 20, looking for his roommate, who was a friend of hers. The roommate was not there. Mr. Berkwitz sat beside her, pulled up her blouse and bra, fondled her breasts and attempted without success to get her to perform oral sex on him, the opinion says.

He then locked the door, pushed her onto the bed, partly removed her clothes and sexually penetrated her, according to the opinion. The opinion pointed out that the door was locked from the inside, but she did not try to unlock it.

The defendant, Mr. Berkwitz, told the jury that he heard the woman say "no," but did not believe that she meant it.

Rostenkowski Case Raises Murky Issue

Campaign Fund Use Still Ill Defined

By Charles R. Babcock
Washington Post Service

WASHINGTON — The indictment of Representative Dan Rostenkowski raises again the murky issue of the proper use of campaign funds.

Though it is illegal under federal law and congressional rules to convert campaign funds to personal use, enforcement has been so lax that some members of Congress have turned their campaign accounts into personal slush funds. They use the money to pay for country club dues, meals, vacations and expensive automobiles, or donations to their favorite charities.

More than half the \$466 million that candidates spent in the 1990 elections was "virtually unrelated to contacting voters," a Los Angeles Times study found.

Mr. Rostenkowski was not specifically charged with personal use of campaign funds. He and other members serving at the time the ban was enacted in 1979 were exempt until last year. Instead, in two counts of his indictment prosecutors charge that he, the Illinois Democrat, longtime chairman of the House Ways and Means Committee, made false statements to the Federal Election Commission about his use of campaign funds.

He allegedly disguised the partial purchase of family cars with \$28,267 in campaign funds as campaign "car rentals" and a van for campaign use. The indictment also alleges that he caused his campaign fund and personal political action committee to list as "postage" on FEC reports \$28,000 in checks he exchanged for cash at the House post office.

Larry Smith, a former Democratic House member from Florida, pleaded guilty last year to lying to the Election Commission about \$10,000 he used to pay off gambling and other personal debts. The commission has been working for the last year on new regulations to define prohibited uses of campaign funds.

It is difficult to track campaign spending practices systematically because the commission does not computerize the information, as it does donations. The Los Angeles Times study was the first to do so.

It is even more difficult to determine whether expenditures are for campaign or personal use or both. The Times study, for example, found many instances in which members of Congress, mostly entrenched incumbents, leased or bought cars with campaign funds. In one example, Senator Ted Stevens, Republican of Alaska, spent \$72,000 for auto expenses in six years, including \$23,000 for a van. After being re-elected, the campaign bought a \$32,000 Lincoln Town Car, the study found. A Stevens aide denied the car was for the senator's personal use and added that the Lincoln was sold.

The Federal Election Commission first proposed a general rule that would have banned using campaign funds for expenses like mortgage payments or vacation trips that a candidate would have even if not running for office.

After a hearing in which all sides requested specific guidance, the commission tried but failed to draw up a specific list of prohibited activities.

Trevor Potter, a Republican who is chairman of the commission, said in an interview this week that the commission's challenge is to draw "a clear line that is easy to follow and minimally intrusive on the day-to-day work of campaigning."

Deposed Haiti Leader Urges 'Surgical Action'

By Howard W. French
New York Times Service

WASHINGTON — In his strongest statement yet in favor of military intervention, the exiled Haitian president, the Reverend Jean-Bertrand Aristide, said he doubted that economic sanctions could restore him to office and urged "action to get rid of the thugs" who overthrew him.

In an interview at his Washington apartment, Father Aristide repeated concerns Thursday that Haiti's constitution would not allow him to formally invite foreign military intervention. But he said the United States should be "moving toward a surgical action" that he said would succeed in a few hours to remove Haiti's military leadership.

Asked if sanctions could force the military to relinquish power, Father Aristide said: "If we really want to save lives, something else should be done now." Referring to the U.S. intervention in Panama in 1989 to remove the military dictator Manuel Antonio Noriega, he added: "Haiti is not the first case. When things were like that in another country, something was done. Why not in Haiti?"

Father Aristide's comments came as part of a growing debate in the United States over statements by President Bill Clinton that military action should not be ruled out in Haiti to force an end to the country's political crisis.

Moments before the Haitian leader made his remarks, one close American adviser, Burton Wides, suggested that the emphasis concerning diplomacy around Haiti should be to aggressively close loopholes in the international sanctions before any foreign intervention is considered. It was not clear whether the Haitian leader had expressed these views directly to Clinton administration officials.

Until now, Father Aristide's position on foreign intervention has been widely perceived as ambivalent, with many in the Clinton administration expressing concern that he would either not fully support military intervention before the fact, or would quickly condemn it once he was returned to office.

But while he endorsed the idea of foreign military action, Father Aristide, who was overthrown in a 1991 coup, expressed strong opposition to any plan that would involve long-term foreign occupation. The debate over U.S. intervention has often centered around the question of how long the American presence would be required.

"The action could be a surgical move to remove the thugs within hours," Father Aristide said of the kind of intervention he would support. "Once we do that, we could have the international community in the country within the framework of agreements we have already signed. Not in the framework of a military intervention."

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MANHATTAN REVIEW — Sailors aboard the carrier Guadalcanal viewing the World Trade Center as their ship, in turn, passes in review. The ceremony was part of an international armada in New York's harbor to mark the 50th anniversary of D-Day.

Away From Politics

● Two men arrested for trying to buy a Stinger missile and other high-tech weaponry were members of a splinter exile group planning to launch an armed assault on Cuba. Assistant U.S. Attorney Wilfredo Fernandez said in Miami. He said Rodolfo Frometa, 49, and Fausto Maximino, 43, "were formerly involved with Alpha 66 military operations and they formed their own group."

● Fire deaths in a 1993 hepatitis drug trial over an "unavoidable accident," an advisory panel of the National Institutes of Health concluded. The new report, which clears the institute's scientists of wrongdoing, contradicts the view of the Food and Drug Administration, which said last month that researchers in the drug trials had committed "serious violations" of U.S. regulations.

● Police have arrested a second man in the armed robbery of five Norwegian passengers on a hijacked airport shuttle bus in Miami last month. James B. Coleman, 23, was arrested and charged with burglary, armed robbery and kidnapping. The police say Cedric Thompson has already confessed.

● After correctly spelling "antidiluvian," a 13-year-old from Tennessee was crowned champion of the U.S. National Spelling Bee. Ned G. Andrews of Knoxville lasted 13 rounds to win the contest.

AP, WP

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About the Author
Born in Germany, Dr. Gerhard Kurtz has been an investigative journalist most of his working life. His uncompromising style of journalism has caused many handshakes to be broken and cheating businessmen to try and suppress his business reports. Out of hundreds of legal cases over two decades he has only one case - against the German authorities.

A confirmed cosmopolitan, Dr. Kurtz has been an Editor of several German magazines, a freelance contributor to "Spiegel", "Stern" and "Mein Revue" and has written several books and reports including "225 Tax Havens", "How to Avoid Taxes", "How to Become a Legal Holder of a Second Passport", "How to Make Money" and "How to Get Your Rights". He also published "Kurtz Chart", a successful financial newsletter, and has written a series of "secret reports" on hot issues such as Tax Evasion.

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On Day of Military Symbolism, President Signaled Ambivalence

DHOW: Aden's Lifeline

Continued from Page 1

village, so they don't gang up on me.

The captain, barefoot and wearing a white turban and sarong, makes his living trading in the ports in Iran, Yemen, Saudi Arabia and Somalia.

He delivers bags of rice, sugar and frankincense and myrrh, still used in incense and perfume. But as chaos has enveloped Somalia, and now Yemen, Mr. Farah said, he prefers to keep away.

"There are too many pirates off the Somali coast," he said. "They have small skills and are armed with automatic weapons. Rather than let the crew go free on shore, they often shoot everyone and toss the bodies into the sea."

Except for the addition of engines over the last three decades, both the design of the dhow, and the sailing conditions have changed little since the adventures of Sinbad the Sailor in "The Thousand and One Nights."

Mr. Farah navigates by following the coast. Lifeboats, life vests and even a ship-to-shore radio are luxuries he does without. And although he has been sailing since boyhood, with two boats having gone down under him in storms, he cannot read a map.

"We strap planks to the plastic barrels and wait to get picked up if we sink," he said. "It works fine."

It takes 27 hours for the ship, powered by a 160-horsepower engine, to chug its way to Aden. The crew spends much of the time looking on the bags of rice that cover the deck, chewing the narcotic leaf *khat* and brewing tea in the bottom half of a metal barrel.

The heat and humidity, even at night, are stifling. There is little drinking water. And the price is a hole in the deck in the back of the vessel. When the ship passed the Bab al Mandab, the strait that connects the Red Sea and the Arabian Sea, the boat pitched violently.

The crew, abandoning their left arm, scrambled to keep the bags of rice from shifting in the hold and upsetting the balance of the vessel.

The sailors, dressed in sarung and headscarves of cotton cloth, appeared indifferent to time. During the night, Abdel Samad, 38, the boatswain, who was keeping watch, was asked the time. "He said he believed it was 10 P.M., though it was 4 A.M."

But it was Aden — with its dark, menacing volcanic cliffs and rocky promontories that plunge into the sea — that most unnerved the crew. In the choppy water outside the port two vessels of the southern forces — a missile boat and a Soviet-built corvette, armed with cannon and rockets — patrolled without lights in the fading daylight.

"We don't move in the dark," said Saleh Goulaid, 60, a bare-chested sailor. The crew members nodded their agreement, and the pilot shut off the engine. The captain's pleas to restart the engine were heeded as little as the lapping of waves against the wooden hull.

"It's a miracle they came this far," he said. "I can wait a night to see Aden. I don't think I have a choice."

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By Maureen Dowd
New York Times Service

ROME — The salute gave it away, of course. Where there should have been snap, there was only chagrin.

In a photo opportunity arranged by the White House, President Bill Clinton was welcomed at the American cemetery in Nettuno by June Marion Wandrey, 74, a former U.S. Army nurse who served in Sicily, Cassino, Anzio, Naples and Dachau.

Proud that she could still fit into her old brown wool uniform, with eight battle stars bespeaking her heroism, Mrs. Wandrey greeted the president with a saucy smile and the crisp salute of a professional.

Mr. Clinton returned the salute slowly, tentatively, a self-conscious gesture that reflected his ambivalence about using the greeting of the military he once said he "loathed."

Although commander in chief, his salute often falters in a military setting, as though he fears a silent reproach about his right to use it in light of the years he spent and protesting the Vietnam War.

It was a morning full of uncomfortable imagery for Mr. Clinton, the first president since Franklin D. Roosevelt to be elected without having served in the military.

Even Mrs. Wandrey looked down and paused for a long moment when she was asked if it was time to let the president move beyond his problems with the military. "Well, each to his own," she said. "You have to look in your own heart and see what you can forgive."

Mostly, the mood on Friday was soft and forgiving, veterans of the Italian campaign, always feeling overshadowed by the greater mythology of Normandy, seemed willing to give Mr. Clinton the respect of his office, and more, the benefit of the doubt.

"Experiences like this are maturing him as commander in chief," said William Clark, 79, of El Paso, who was an army medic in the Anzio campaign.

Jerry Halpern, 68, a veteran of the 45th Infantry Division from Little Rock who said he knew Mr. Clinton when they both were on the staff of the University of Arkansas law school, said that the president deserved respect. But, he added, he hoped military advisers would teach the president "how to salute."

The White House has been dreading the inevitable comparisons to Ronald Reagan's knockout speech at La Pointe du Hoc on the 40th anniversary of D-Day, particularly inevitable since Mr. Clinton will also give a speech on Monday at La Pointe du Hoc.

When he was asked in a Voice of America interview, before leaving for Europe, how he would answer the inevitable criticism on the trip about his lack of military service and comparisons to Mr. Reagan, he replied: "President Reagan didn't have conventional military service in World War II. He did a good job and he did a very important thing. And it didn't stop him from being an effective commander in chief, first of all."

"Secondly, I think most Americans know that we were united in what we thought about World War II. And that we were divided in what we thought about Vietnam. Maybe they'll still be judged in the future, but many of my friends in the Congress are Vietnam veterans, ultimately came to the same conclusion I did at an earlier point that our idealism and our desire to uphold our end of the Cold War led us into a degree of involvement there which was an error."

That was my belief, that has nothing to do with my devotion to what happened to this country in World War II and the ideals behind it and the institutions and policies that followed from it. I have no problem with it at all and I can't wait to go."

Quote of the day: The unpredictable Ray Flynn, former Boston mayor and now ambassador to the Vatican, was the host at a reception for the presidential party Friday afternoon at the U.S. Embassy.

Introducing his boss, Secretary of State Warren M. Christopher, said, noting that her children's generation "doesn't have a sense of what these men gave."

"Many of my high school and college friends were killed at Normandy. They were just gone. So young."

John Bender of Aberdeen, Maryland, said the president's war protest as a young man "bothers me a little," but "he grew up."

"Maybe he has changed. He should be aware of things. I think he is, since he is here. There's so much at stake."

Mr. Bender, who said he was a Republican, was as pleased to see Bob Dole, the Senate Republican leader, as he was Mr. Clinton. Mr. Dole was one of four senators who fought in the Italian campaign and who was invited here for this ceremony.

Mr. Clinton, in his eight-minute address, also touched on the need for Americans to remember their history. "Too many Americans,"

weapons program. If the talks are not held, it added, it could pull out of the Nuclear Nonproliferation Treaty.

But Mr. Gullucci said Pyongyang had removed the basis for holding another round of high-level talks when it caused the International Atomic Energy Agency to conclude Thursday that North Korea had breached international nuclear safeguards.

China continued to counsel caution, but a published report hinted at a shift in its previous anti-sanctions stance.

The hint of a possible change in China's position came in a Beijing-supported newspaper published in Hong Kong, Ta Kung Pao. It said in the event of an embargo, Beijing would halt food and oil supplies to North Korea, and cut all border trade.

Officially, though, China continued to balk at sanctions. China's deputy foreign minister, Tang Jiaxuan, met Friday with his South Korean counterpart, Park Kun Woo, and stressed the need for diplomacy to resolve the dispute, said a South Korean Foreign Ministry spokesman, Chang Ki Ho.

In Rome, President Bill Clinton said Friday that it was not yet time to stage a Russian-proposed international conference on denuclearizing the Korean peninsula.

Mr. Clinton essentially rebuffed for new President Boris N. Yeltsin's appeal for such a conference, first made earlier this year. Mr. Yeltsin said on Thursday that Moscow could not support sanctions against North Korea before such a conference.

(Reuters, AP, AFP)

CLINTON: President Recalls Sacrifice of War Dead

Continued from Page 1

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KOREA: Tokyo Ready to Join in Sanctions on North

Continued from Page 1

garded as a declaration of war against us," North Korea's first deputy foreign minister, Kang Sok Ju, was quoted as saying. His statement was carried by the Pyongyang-based Korean Central News Agency and monitored in Tokyo.

"In this case, not only the parties joining in the sanctions against our republic but also those backing such sanctions will be held responsible," the statement said.

"This is not what we want," but "the United States must not take our patience for a sign of weakness," the statement further warned.

North Korea also called Friday for new talks with the United States to defuse the long-running dispute over U.S. suspicions it has diverted nuclear fuel to a secret

weapons program. If the talks are not held, it added, it could pull out of the Nuclear Nonproliferation Treaty.

But Mr. Gullucci said Pyongyang had removed the basis for holding another round of high-level talks when it caused the International Atomic Energy Agency to conclude Thursday that North Korea had breached international nuclear safeguards.

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JOBS: U.S. Data for May Show Growth Moderating

Continued from Page 1

came from Friday afternoon reports of virtually flat auto sales in May by Ford and Chrysler and a slowdown in their buoyant sales of light trucks.

As this picture was confirmed, the early morning losses in the government bond market were reversed, and the Treasury's 30-year bond yielded 7.27 percent, easing from Thursday's closing yield of 7.34 percent. The stock markets also reversed an early drop of 10 points in the Dow Jones Industrial Average, and the dollar regained confidence, moving higher against both the yen and the Deutsche mark.

Alan Sinai, chief economist for Lehman Brothers, saw a "significant slowing in the momentum of the economy itself," and said the more likely course of growth for the

economy now was somewhere between 2.5 percent and 3.5 percent following the drop during the first quarter to 3 percent from 7 percent in the final quarter of 1993. This is much closer to the Fed's target for the economy of just below 3 percent.

"The Fed has made its quantum move for the year," Mr. Sinai said. "It now is as puzzled and questioning and everyone else; but I don't see them doing much more this year than fine-tuning with interest rates if they feel they have to."

The target now is to keep inflation from rekindling as the more moderate expansion stretches out, and the White House was at pains to stress through Laura D'Andrea Tyson, head of the Council of Economic Advisers, and Robert E. Rubin, a senior economic adviser, that they expected no more than "an

uptick" in inflation later this year. "Now we just have to get the bond market to believe it," said Sam Kahan of Fuji Securities. "If it does, you'll see long-term interest rates going down again."

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Baltic UN Force Set for Training

The Associated Press

STOCKHOLM — The five Nordic countries agreed Friday to let the Baltic states build a common peacekeeping force for United Nations missions.

The agreement was to train up to 150 troops to speak English and perform peacekeeping tasks. Sweden, Norway, Denmark, Finland and Iceland signed the agreement to help Lithuania, Latvia and Estonia.

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FRENCH COMPANY HANDBOOK 1994

Published by the International Herald Tribune, in coordination with the Paris Stock Exchange, the 1994 edition includes detailed profiles of all the companies in the new SBF 120 Index.

Launched in December 1993, the SBF 120 is made up of the CAC 40 plus 80 other major firms. Its stocks gained 32.8% last year, making these the companies to watch in the coming years.

Each profile includes: head office, CEO, investor relations manager, company background and major activities, recent developments, sales breakdown, shareholders, subsidiaries and holdings in France and internationally, 1989-1993 financial performance, and recent stock trading history.

French Company Handbook is updated annually for financial analysts, institutional investors, corporate, government and banking executives, documentation services — anyone who needs to know about the leading companies in the world's fourth largest economy.

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Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

How to Help Cambodia

The collapse of peace talks between the government of Cambodia and Khmer Rouge guerrillas is bad news for a country that suffered Khmer Rouge genocide in the 1970s and a war involving Vietnam in the 1980s and was rescued by a United Nations intervention in the early 1990s. The government of Prince Norodom Ranariddh refuses to meet Khmer Rouge terms for power sharing. Emboldened by its prowess in fighting this spring, the Khmer Rouge threaten to resume battle, proclaiming the hope of forcing the government's demise.

Its prospects cannot be casually dismissed. Even a practiced and unified government might have been intimidated by the tasks of rebuilding Cambodia. The current government, an uneasy coalition, was inexperienced and weak. The army has fought, but it has also sold ammunition to battle-hardened Khmer Rouge forces. The Khmer Rouge boycotted last May's elections but then arrogantly came forward to demand an unearned piece of the political pie. This is what the prince seems now to have rejected in favor of a strategy of fighting on. By contrast, his father, King Norodom Sihanouk, the constitutional monarch, is said to lean toward a scheme that would empower the legendary king to weave his

personal sort of broad Cambodian solution. To step up military action, the prince is asking the United States and others for military aid. American aid for a less than professional army reporting to a fragile Indochinese government facing a scrappy Communist foe? Alarms are bound to go off in the minds of a lot of Americans at any suggestion that the United States is starting again down a path that looks like the one Washington took into the Vietnam War. Any aid ought to be delivered in a context of cooperation with other concerned countries.

The more promising option is to draw other governments of the region into a permanent support of a Cambodia that is endangered but not on the edge. The former U.S. ambassador to Thailand, Morton Abramowitz, pointed out recently that the Association of South East Asian Nations needs to address Thailand's crucial and unconscionable support of the Khmer Rouge for narrow Thai commercial and strategic purposes. It should be regarded as unthinkable that the murderous Khmer Rouge receives any degree of deference beyond what it earns at the ballot box, which it has so far assiduously avoided.

—THE WASHINGTON POST.

Which Road for Hungary?

Hungarians turned decisively to former Communists, now called Socialists, in the second and final round of parliamentary elections. The Socialists have now won an outright parliamentary majority. The resurrection of Hungary's Communists need not cause alarm. The Socialists have vowed to keep economic and political reforms alive, a vow made plausible by their record of bringing market reforms to Hungary in the 1970s.

True, the Socialist resurgence creates uncertainty. The Socialists are riven with factions, some wanting to reinstate government control and others backing further market reforms. Their leader, Gyula Horn, has issued contradictory promises pledging both to cut government spending and increase outlays for housing, pensions and jobs. And his own past is riddled with

contradiction: As a young military officer he helped suppress the 1956 uprising against Communist rule; then in 1989, as foreign minister, he knocked a gaping hole in the Iron Curtain by permitting East German refugees to escape to Austria through Hungary.

But Mr. Horn is shrewd enough to know he must convince skeptics he is serious about reform. That is why he has reached out to the center-left Alliance of Free Democrats to join him in a coalition government even though his parliamentary majority makes coalition rule unnecessary. The Free Democrats say they could join only if the reform wing of the Socialists wins out. So if the coalition comes about, it will signal that Hungary will keep moving toward democracy and markets.

—THE NEW YORK TIMES

Government on the Run

This is no way to run a government. Indeed, to judge from a General Accounting Office study released this week, it's a small miracle that the government runs at all.

The study, conducted at the request of Senator John Glenn, Democrat of Ohio, found that political appointees stay on the job for only 2.1 years. In other words, they usually leave about the time they might be expected to have figured out what they're doing.

For some big jobs in troubled agencies, the turnover rates are worse. The Federal Aviation Administration has had seven appointed and four acting administrators in the past 15 years; the Federal Housing Administration has had 13 commissioners within the past 14 years. And to point out just how bad it can get, Mr. Glenn, chairman of the Senate governmental affairs committee, noted that within an 18-month period in 1991 and 1992, three people served in the Education Department as assistant secretary for post-secondary education.

President Bill Clinton has been unusually dilly in filling government jobs, but the problem of getting people to stick around is not new. (The GAO study covered 10 years and three administrations.) And once people leave, it takes a long time to get new people behind their desks: from six to 20 months depending on the agency. This all adds up to a big problem, since a president has just four years to make a mark on the government.

As Mr. Glenn said in a letter to Mr. Clinton: "The fact remains that when senior positions are in a constant state of flux, it diminishes the ability of any president to carry out an agenda,

to bring needed change in the way government works, or to ensure that the long-term interests, including the use of hard-earned taxpayer dollars, are properly managed."

Among other things, Senator Glenn urged Mr. Clinton to seek long-term commitments from his appointees and "fill vacant positions expeditiously." This is sound advice, especially by the part about the vacancies. But the study ought to force a broader inquiry by the reinventing government crew in Vice President Al Gore's office. Obviously not all of the jobs in question are equally important, nor are the turnovers equally damaging. For some appointments, 2.1 years in government may turn out to be two years too long. And there's nothing wrong with a successful deputy assistant secretary rising to become an assistant secretary. But taking hold of the government and giving it direction is a difficult task.

Mr. Glenn's study suggests that the entire appointment and confirmation process could use radical streamlining: People will serve in their posts longer if they get there faster. The relationship between civil servants and political appointees also needs fixing. With this kind of turnover, top civil servants have to spend an inordinate amount of time "educating" political appointees about their jobs. Yet the United States has tended to reject the British model of having a shallow layer of political appointees on top of a large mandarin class. But if we don't like the British model, how can we make the one we have created work better? Senator Glenn deserves some answers.

—THE WASHINGTON POST.

Maneuvers in the Forest

The Clinton administration has asked a federal judge in Seattle to lift an injunction of three years' standing and let logging resume on a limited basis in federal forests in the Northwest. The environmental groups whose lawsuit led to the logging ban in 1991 do not like some aspects of the administration's proposed new plan: they want it tightened. Most of them are not objecting to the lifting of the injunction, though; instead they will try to tighten the timbering plan around the edges later.

They have adopted this accommodating posture partly for political reasons. They fear they would lose if they took the harder line, that the judge would be unlikely to go along with them and that if he did and extended the injunction, Congress might well step in and change the underlying law. The groups are taking a certain amount of heat from some of their brethren for "selling out" like this. Our own, contrary sense is that maybe the environmentalists are finally learning how to win.

Judge William Dwyer issued the logging ban because of what he found to be a "deliberate" refusal of the executive branch — then the Bush administration — "to comply with the laws protecting wildlife" in the forests.

The policy was to let the industry log. The Clinton administration has come up with a plan for much less logging. Most of the old-growth federal forest would be preserved. So would the threatened wildlife within it, whose celebrated proxy has been the reclusive northern spotted owl. The administration says the plan is scientifically based and well within the area of discretion set by the law.

The critics complain that 20 percent to 30 percent of the remaining old-growth forest would still be open to logging, that the owl and other threatened species would remain at risk and that the runoff from logging would plan would continue to damage salmon and other spawning areas. They want the judge to order the plan made more protective in those respects. But would let the logging resume.

That's reasonable. Environmental disputes as complex and bitter as this will never be settled to the total satisfaction of any side. But the administration seems to have come up with a plan that meets the tests of both pretty good policy and the law. That, too, is what the acquiescent position of the environmental plaintiffs should be taken to signify.

—THE WASHINGTON POST.

For the Young Men Grown Old, and Those Who Fell

By George F. Will

CAEN, France — "Old men forget," said Shakespeare's Henry V before the battle of Agincourt, during an invasion of Normandy. But not the old men who as young men stormed the beaches here half a century ago. By June 6, 1944 — two days after U.S. forces reached Rome, the first Axis capital to fall — the cream of the Wehrmacht, 2 million men, had been killed in Russia. And still the Normandy invasion was a hard-won success. If Hitler had not been an habitual late sleeper, if that morning he had unleashed the panzer divisions north of Paris, which Rommel might have got him to do if Rommel had not been in Germany for his wife's birthday, the war could have been even longer. But even before D-Day the defeat of Germany was certain.

Any war is a braided cord of related battles. In the autumn of 1940, in the Battle of Britain, the Royal Air Force ended whatever chance Hitler had of invading the island. Hence he had to guard the Atlantic coast with forces that could have been decisive if moved to the Eastern Front. The disastrous raid on Dieppe on Aug. 19, 1942, from which only 2,500 of the 6,000 mostly Canadian raiders returned to England, lulled Hitler. But by Nov. 3, 1943, in Führer Directive 51, he told the Wehrmacht that the likelihood of an Anglo-Saxon land-

ing" precluded further weakening of German defenses in the west. However, the war was won in the east, by Russians.

Most Americans say the war began Dec. 7, 1941. Actually, that is the day the war began Sept. 1, 1939, began to end, because of two events 7,000 miles apart.

One was the attack on Pearl Harbor, which brought U.S. industry into the war. Churchill, whose greatness included a gift for seeing the sweep of things, said he slept "the sleep of the saved" that night, knowing the war's outcome: "So we had won after all!"

Also on Dec. 7, a Soviet counterattack drove back German forces that had advanced to the outskirts of Moscow. That night Hitler drafted Directive 39: "The severe winter weather which has come surprisingly early in the East, and the consequent difficulties in bringing up supplies, compel us to abandon immediately all major offensive operations and to go over to the defensive." The grinding down of Germany had begun.

The easy drive to Paris in 1940 convinced Hitler that his offensive revolution in arms — tanks, motorized infantry with radio coordi-

nation, dive bombers functioning as flying artillery — could negate the manufacturing might of the democracies. He was wrong. In 1939, the U.S. Army of 170,000 was smaller than those of 15 other nations, including Romania. On D-Day that many Allied soldiers crossed the Channel. In 1939 America manufactured 800 aircraft, civilian and military. In 1940 it manufactured 40,000.

Hitler's racist theories told him that America, emervated by prosperity and degraded by a polyglot population, could not produce worthy warriors. Wrong again.

Stephen Ambrose, Dwight Eisenhower's biographer and president of the D-Day Museum being developed in New Orleans, calls D-Day "a love song to democracy." German soldiers were magnificently obedient to orders, as befitted young men socialized by 11 years of totalitarianism. But Americans, with the talent for spontaneous self-organization that De Tocqueville considered a national characteristic, adapted to the chaos of combat in a confined coastal strip.

Bold in conception and heroic in execution, the invasion was an astounding exercise not only of logistics but also of secrecy. Germany, misled by Allied intelligence services, did not know on which part of the coast the blow

would fall, even though in May 1944, a gust of wind blew 12 copies of invasion plans out of a window of the British War Office in London. Eleven copies were quickly recovered by scrambling aides. Two agonizing hours later, a civilian, never identified, returned the twelfth to a military sentry, and walked away.

D-Day came 30 years into the 75-year crisis that began in June 1914, with pistol shots in Sarajevo, and ended in Berlin, Nov. 9, 1989, when the Wall crumbled. Arguably, the invasion was the third of the three most consequential battles in American history: Saratoga, which saved the Revolution, Gettysburg, where the Confederacy crumbled, and Normandy, where the United States stepped forward as the leader of the West.

The invasion hastened the end of the war, and hence of the Holocaust. So let there also be remembrance of something else that happened June 6, 1944. That day Germans on Crete packed 400 Greek hostages, 300 Italian POWs, and 260 Jews on a boat, sent it to sea and scuttled it, killing all.

Such murderousness, writ large across a continent, was why they went ashore that day; those young men now grown old and those who did not get to grow old.

Washington Post Writers Group

Crime in America: Prisons Save Lives

By A. M. Rosenthal

NEW YORK — The police and the bureaucrats tell the American public that crime is going down. But in every survey the public insists that crime is still the country's number one problem, ahead of the economy, health care, poverty, everything.

The American public is a hysterical paranoid doll, that's one explanation. The other is this: Much of the American public looks at the stories about the decline of crime, and says, "Well, maybe for you, not me." "No," the public says, "when I think where I live and walk, where my children go to school, when I look at the pushers, or read about kids with guns, my stomach says the danger is no less."

The public stomach is right. The truth remains that the basic crime rate — all property and violent crimes per 100,000 people — was 190 in 1960 and 400 in 1970; in the 1990s, it has surged to about 600.

So taking the softest, most generalized look at crime, pretending that blacks are not far more likely than whites to get killed or robbed, what do we get? A country where every person is three times more likely to be murdered, robbed or raped than just 30 years ago. This does not inspire grateful confidence.

The figures are from an important report just presented to a conference at Princeton by Professor John J. DiIulio Jr. of Princeton University and the Brookings Institution. The public's anxiety is not simply based on statistics. Mr. DiIulio points to other reasons. Blacks, the most endangered Americans, know they cannot get protection whites can afford — doormen, gates, security guards. In the cities, white Americans who fear crime are running out of locks and distance. And whatever their color, Americans know the justice system is not keeping dangerous criminals off the streets.

Mr. DiIulio says: "The justice system is a revolving door for convicted predatory street criminals, the vast majority of whom enter the system by plea-bargaining, exit it before serving even half of their time in confinement and make a cruel joke out of the terms of their

"community-based supervision." Some of his statistics: Ninety percent of all criminal cases do not go to trial because the offender pleads guilty to a lesser charge.

"Most convicted criminals rarely see the inside of a prison." In 1989, three-quarters of all convicted criminals were on probation or on parole, not in cells. Within three years of sentencing, nearly half of all probationers had to be put behind bars again for a new crime — meaning a new victim — or had absconded.

Nationally, most prisoners are violent or repeat offenders, or both. Over 50 percent of all prisoners are held by states. In 1991, 94 percent of these had been convicted of a violent crime or had a previous sentence. "In other words, only 6 percent of prisoners were nonviolent offenders with no prior sentence to probation or incarceration."

Nearly half were serving time for a violent crime and one-third had been convicted in the past of one or more violent crimes. Only 1 percent had been sentenced in the past for minor offenses, such as drunkenness, vagrancy, disorderly conduct. Of the 35,000 people admitted to federal prisons in 1991, about 2 percent, or 700, were convicted of mere drug possession. The same figure for state prisons was 7.5 percent.

How long do violent and repeat criminals serve? In 1991, 34 states released 326,000 prisoners, 90 percent on parole. Including murderers, they had served 35 percent of their sentences. The cost of imprisoning criminals is as much as \$25,000 a year. But the price to society for every murder is estimated at \$2.4 million. From 1987 to 1990, the lifetime costs for violent crimes alone are estimated at \$178 billion.

Prisons save lives. Tripling prison population from 1975 to 1989 reduced potential violent crime in 1989 alone by some 400,000 rapes, murders, robberies and severe assaults.

Prisons cannot end crime, no number of them. But it is intellectually slovenly to believe that they do no good and are filled mostly with gentle, first-time pot smokers trapped by cruel law. That is as useful as the idea that when you now walk the nighttime streets the monthly statistics will keep you cozy and safe.

The New York Times

A Lesson in Throwing Away a Chance

By Drew Leder

WASHINGTON — What if there were a rehabilitation method that could take violent criminals and greatly reduce their likelihood of committing further crimes? What if this program dramatically raised the odds that prisoners would never return to prison, would instead become law-abiding, tax-paying citizens? The abiding, tax-paying citizens? The crime legislation now being considered by the U.S. Congress should have extra money for this proven crime-prevention program. Right?

Guess again. Congress is eliminating all of its funding. For this is the federal Pell Grant program, which for two decades has enabled convicts to secure a college education while in prison. The Pell Grant program provides federal money to finance higher education for lower-income Americans. Since its inception, prisoners, whose income is effectively zero, have been eligible to apply for these funds. This has enabled colleges and universities to establish extension programs, sending books and professors into the prisons. More than 35,000 inmates are enrolled around the country.

Now, however, both the House and

Senate versions of the crime bill forbid the use of Pell Grant funds by prisoners. In most states, which have no network of state funding, this would effectively mean the end of higher education in prison.

As a volunteer professor at the Maryland state penitentiary, I have seen the difference a college education can make. For the past two years, I have been meeting weekly with prisoners to study philosophy. We have ranged from Homer to Gandhi, Socrates to Sartre. The men I teach have serious criminal histories. Many are murderers, coming from a background of rage, ignorance and despair. But the chance at education has given them a new purpose, and made them feel they can turn their lives around — that when they get out (and most of them will), they'll have marketable skills and credentials.

Recently I was at a prison function for inmates who were alumni of the Coppin State college program — speeches, banners on the wall, honorary awards, standard stuff. But most striking was the sense of hope and pride in the room — anything but common in a maximum security penitentiary. The keynote address was given by Stanley Covington. Released from the penitentiary five years ago with a college degree, he is now project director at the Center on Juvenile and Criminal Justice, where he heads a program in Washington to help youths in trouble.

Another student from this prison is Charles Dutton, producer and star of the "Roc" show. Then there is H.B. Johnson Jr., a student I met through my prison class. This year he won (for the second time) the Baltimore WMAR-TV contest for best play by a black dramatist. He came into prison with an eighth grade education. Sen-

tence commuted, he left prison last December a college man — and a playwright, novelist, newspaper columnist and public speaker devoted to freeing the streets of drugs and crime.

If Congress follows its plan there will be precious few H.B.s. The people who come in criminals will be the same, only a little tougher and meaner. Their only teachers will be fellow inmates with tips on criminal techniques. We'll have cleared out the college professors who would have brought a different message. When these inmates are released and commit more crimes, we'll shout, "Three strikes, you're out." But did we give them a fair shot to get a hit — that is, to make it in the legit world?

Statistics show that the uneducated prisoner has a far greater chance upon release of repeating criminal activities and returning to prison. The price the country pays for educating them is small; less than 1 percent of Pell Grant funds go to inmates. But what of the price of not educating them? Consider the cost in blood and tears when they hit the streets, then the \$30,000 per year for jailing repeat offenders.

Happily, nothing is yet written in stone. Senate and House conferees can reconsider specifics of this Pell Grant elimination, or at least extend grants through a phase-down period. Funding for prison education could also be provided through a supplemental grant or other means. Ironically, as it stands, part of the new crime bill will serve only to increase violence and criminality. You don't need a college degree to figure that one out.

The writer is associate professor of philosophy at Loyola College in Maryland and a volunteer teacher at the Maryland state penitentiary. He contributed this comment to The Washington Post.

Hong Kong: Jettisoning Adam Smith

By Philip Bowring

HONG KONG — This is supposed to be Adam Smith's kind of town, the incarnation of free market concepts where the "invisible hand" is at work creating wealth and promoting the common good. So it is appropriate to apply one of Smith's foremost tenets to the conduct of public affairs as Hong Kong approaches the 1997 change of sovereignty: the tendency of businessmen to conspire with each other against the public interest.

For Smith the public interest included access to information. A major objective of government is the prevention of cartels that impoverish the many for the benefit of the few. But Hong Kong's open society and market economy are increasingly under threat from business groups whose goal is either short-term profit or integration with mainland government officials. The Hong Kong government is increasingly unable to perform the modest role set out for governments in Smith's scheme of things.

Hong Kong has a television broadcasting duopoly. This past week, key news staff at one of the two companies, Asia Television, resigned following a management decision to ban a foreign-made documentary commemorating the fifth anniversary of the June 4 Tiananmen crackdown. ATV will now show the film but the news staff will not return to a company whose management they believe is more interested in kowtowing to Beijing than in providing accurate news.

ATV is controlled by P. Y. Lam and his family company, Lai Sun Garments, a group with textile and property interests in China as well

as Hong Kong. The second-largest shareholder in ATV is New World Development, one of Hong Kong's biggest property groups.

ATV's craven attitude is hardly unique. Its larger rival, TVB, has been refusing to show a BBC documentary on Mao Zedong to which it already owns the rights. Beijing has attacked the film and even (unsuccessfully) demanded that the Hong Kong's foreign correspondents club cancel a private showing of it.

The ATV and TVB episodes are only the most obvious examples of what Hong Kong journalists regard as growing self-censorship by a media increasingly owned by businessmen with little interest in a free press and lots of interests in China. TVB's major shareholders include Robert Kuok, a Malaysian tycoon who is one of Beijing's favorite "patriotic Chinese" businessmen. Mr. Kuok, who has always shunned the media but has excellent relations with Southeast Asian governments, recently acquired control of the South China Morning Post, Hong Kong's leading English-language newspaper.

This past week also saw the death of what was until quite recently one of Hong Kong's most respected periodicals on China and Hong Kong affairs, Pao Shing. Two years ago Pao Shing, long owned by its founder and editor Hu Chuen-jen, was bought by T. T. Tsui, a businessman whose main claim to Hong Kong fame is his relationship with the People's Liberation Army, which would not want to be reminded of

June 4, or to have the business deals of its leadership subject to journalistic enquiry. Under Mr. Tsui's ownership, Pao Shing became so anodyne and unread that it has now been put to sleep with little fuss.

But it is not just politics that threatens a free society and open economy. The same day late last month that Forbes magazine published a list of Asia's 10 richest Chinese, no less than four of the 10 were to be found engaged in a cartel to control the price of a piece of land being auctioned by the Hong Kong government. Twelve of Hong Kong's biggest developers, including Mr. Kuok's Kerry group and New World, very publicly got together at the auction to keep the price low. Their object was to thwart the government's plan to do anything (as it promises) that might drive down Hong Kong's sky-high land prices.

Hong Kong's developers seem to believe themselves not only very clever but to have a right to continuation of the high-inflation and cheap-money regime that has enriched them but impoverished Hong Kong savers and home buyers. And it is doubtful that the Hong Kong government will look after the public interest by saying "boo" to this clique of the megarich any more than they will allow the media they own to say "boo" to Beijing.

So what of Adam Smith, who believed people were motivated by ethics and self-esteem as well as by money? He would be a dangerous radical in today's Hong Kong. No place here for the scribbler of impractical theorems about honesty, open markets and freedom.

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A Bruges Master Rediscovered

Met Scores an Artistic Coup

International Herald Tribune
NEW YORK — His recognized oeuvre numbers only 24 pictures and much of it has suffered from restoration and over-painting. Even so, the rediscovery of "Petrus Christus, Renaissance Master of Bruges," whose paintings are on view at the Metropolitan Museum of Art until July 31, will stand out as one of the art historical coups in the last decade of this century.

Admirably hung, as only the Metropolitan Museum designers know how, when at their best, the show includes 18 of the 24 accepted oil paintings and reveals an artist who, at times, could be a genius. Right at the beginning, the most

blatant visitor gets a shock of surprise. The portrait of a Carthusian lay brother in the Metropolitan Museum collection, signed and dated 1446, leaps off the wall now that a recent cleaning has removed a halo added in the 16th century. Tiny as it is (a mere 29.2 by 20.3 centimeters, or 1 1/4 by 8 inches), it has a commanding, almost oppressive presence.

A man with closely cropped hair and foppish beard, in the white hooded robe of the order, is seen three-quarters, almost bursting out of a trompe l'oeil frame. The merest suggestion of cool irony can be read in the steady appraising stare leveled at the viewer. The exaggerated care that has been brought to detail, from the shadow of the throbbing veins on the temple, to the strands of the beard, gives the simple composition an early surreal touch. This is emphasized by a fly poised on the lower level of the trompe l'oeil frame, executed with relentless precision down to the two minuscule mandibles.

Add the glow to the left of the head and the crisp light on the face projected by a source outside the picture, and the portrait radiates an intensity out of all proportion to its size. That alone would place Christus in the top league of Western painting. Yet it is surpassed by his "Portrait of a Lady," as Maryan Ainsworth, senior research fellow at the Met who wrote the remarkable catalogue, refers to the work in suitably Henry Jamesian wording. Its kinship with the Carthusian brother is obvious. The signature once appeared on a frame, now lost, apparently also in capitals simulating Roman inscriptions engraved on stone. The equally tiny size, the posture of the bust filling most of the space, the miniature-like precision emphasize the similarity. But here the uniquely introspective quality makes this portrait

one of the great masterpieces of Western art. The intensity of the eyes, irregularly set, is lightly veiled by aloofness. The expression is impenetrable. Extraordinary care has been brought to detail, which is sparse. The lighting retains a surreal quality, slightly toned down, like the stare. The atmosphere is ambiguous, almost threatening, in its icy formality. It is an early anticipation of Leonardo's "Mona Lisa" with a touch of Vermeer.

Citing parallels to the costume, Ainsworth dates it in the early 1470s, 25 years or so after the Carthusian lay friar. How did Petrus Christus get there? We may never know the answer. Even his birthplace is uncertain — it may have been near Ghent or the Brabant. The early part of his life remains a blank. By the time he was in Bruges on July 6, 1444, paying the equivalent of a master craftsman's earnings to become a citizen and thus be allowed to join the painters guild, he was obviously a man of substance and one who had fully mastered the art. The portrait of the Carthusian lay brother shows that anyway. Later documents indicate his position in society was solidly established. In 1454, a nobleman asked him to execute three copies of a painting in Cambrai, which have not survived.

An important commission in February 1463 to do city decorations implies that he also worked in large formats. From 1467 until his death, some time in 1475-1476 as the exhaustive archival investigation conducted by Maximilian Martens of Groningen has shown, he often represented the image makers' guild.

Fame had reached him. This makes the disappearance of most of his painted oeuvre all the more enigmatic. Scholars have convincingly established that one miniature in an otherwise very different Book of Hours is from the hand of Petrus Christus. An early training and perhaps career in miniature painting would account for his preferred tiny formats on panel, the only ones in which he excels. That only one miniature should have been identified so far is surprising enough. Even more curious is its monumental composition.

Obviously, there must have been another significant factor in his makeup. All the indications are that he was a practicing jeweler and goldsmith, well versed in metal casting, an aspect that has hitherto escaped attention.

A striking picture in the Metropolitan Museum collection signed and dated 1449 provides one of the keys to that effect. It has long been called "Saint Eligius," largely because a halo was added around the



"Virgin and Child" by Petrus Christus, from the Prado Museum in Madrid.

central character's head in the 16th century. Recently removed, it no longer conceals the true nature of the scene as I understand it — a goldsmith seated at his workbench in his own booth selling his merchandise.

There is nothing remotely saintly about the goldsmith. He is weighing a ring with a mounted ruby, his face a model of the experienced craftsman's gleaming mask of tight-lipped contempt at the inept remarks of his rich ignorant clients. A young couple stands behind him oozing wealth. On the shelves, the implements and wares of the working goldsmith are depicted as nowhere else in medieval painting.

There are cut stones, unmounted, ready for use; bars of rock crystal and porphyry; beads of various sizes hung on strings; rings with precious stones displayed according to finger size in an open box. The understanding of medium and

technique is remarkable. The irregular natural flaw in the rock crystal reliquary with a lid shaped as a silver gilt, cusped dome is depicted. So are not just the twisted fluting of the dome, but even the beaded strings separating the ribs, and the astonishing finial. Only a practitioner could have seen all this.

As one starts looking for independent clues in the other pictures, they leap to the eye. The rock crystal world globe, cross-banded in silver gilt, which recurs in four pictures — including the tiny "Virgin and Child with Saint Barbara" from Berlin — and the long rock-crystal pole, in three joined sections, of the admirable processional cross in Frankfurt "Virgin Enthroned with Saint Jerome and Saint Francis" were painted by a man who knew how to work rock crystal and how to mount it in metal.

Petrus Christus must have loved to hammer and cut out silver gilt

Where Was 'Scream'?

By Richard W. Stevenson
New York Times Service

LONDON — It didn't take sophisticated gadgetry to beat the security system at Norway's National Gallery in Oslo. Two men pulled out outside in a van just before 6:30 on the morning of Feb. 12, propped a ladder against a wall, smashed a window, climbed in and emerged 50 seconds later with the nation's best-known painting, "The Scream," by Edvard Munch.

Done in 1893, Munch's image of an almost fetus-like figure, its head clasped in its hands and its mouth open in a cry of horror, has become familiar in popular culture around the world, a symbol of the overwhelming pressures of modern life.

The case of "The Scream" alternately enraged and captivated Norway for three months, until the painting was finally recovered on May 7. Only since then have details about the elaborate sting operation mounted by police begun to dribble out.

Yet even with the painting back in the National Gallery — undamaged except for a pin-size hole and under considerably tighter security — the thriller still hasn't reached its conclusion.

Two men who had tried to solicit a \$414,000 ransom were arrested in a hotel room in Aagaardstrand, the seaside town 50 miles south of Oslo where Munch spent his summers. But the suspects, Bjørn Grøvdal, 27, and Jan Olsen, 47, were charged only with handling stolen goods, not with theft.

Although both have criminal records, it is not yet known whether they are also the men who stole "The Scream," said Laili Lier, the assistant police chief in Oslo.

At the time of the theft, the painting was hanging on the ground floor as part of an exhibition of Norwegian art mounted for the Olympics. When the thieves climbed in through the window, they needed only a pair of wire cutters to pop it off the wall.

Police started with only a few leads, and the case became more muddled a few days later when abortion protesters got into the act.

Borre Knudsen, a former Lutheran minister who is a leader of the Norwegian anti-abortion movement, had been seeking publicity for his views by organizing protests during the Olympics.

The day before the painting was stolen, 12 abortion protesters from the United States who had been invited to Norway by Knudsen were denied entry to the country on the grounds that they might commit criminal acts.

In a radio interview on Feb. 17, Knudsen suggested a trade-off. "If 'The Silent Scream' is aired by the national television company," he promised, "the painting will reappear." The police said they had little reason to take Knudsen's statement seriously, and the film — the title refers to the "silent scream" of the fetus — was never shown. Similarly, in early March, police showed little public interest when a lawyer working for the anti-abortion movement said he had a client who could arrange the painting's return in exchange for \$1 million.

Needing assistance in his investigation, Lier called Scotland Yard, which has a squad specializing in the theft of art and antiques. According to news reports, the two police forces, working with officials from the National Gallery, mounted an operation to trap at least two men who were seeking the ransom.

The National Gallery's chairman, Jens Kristian Thune, said at a news conference that he had been involved in the recovery effort, in part by enlisting the help of Einar Torv Ulling, a well-known art dealer. He used Ulling as a go-between to those seeking the ransom, he said. In late April and early May, Norwegian police found pieces of the painting's frame at a bus stop and various other places in Nittedal, a suburb of Oslo, but the police say that no link has been established between the pieces of frame and the men arrested.

Meanwhile, according to reports in the Norwegian press, two British police officers, posing as officials from the Getty Museum in California, put out the word that they were willing to pay to have "The Scream" returned to the National Gallery.

On Saturday, May 7, they were able to view the painting in Room 525 of the Hotel Aagaardstrand and agreed to pay a ransom. They were then directed to the Grand Hotel in Oslo, where the money was to be paid. It was there that the two suspects were arrested. Ulling, the unwitting go-between, was also briefly arrested in what police later said was a mix-up.

A Banner Year For Broadway

New York Times Service

NEW YORK — A total of 8.1 million people saw performances in Broadway's 35 theaters during the 1993-94 season, up from 7.9 million a year ago — the highest level in six years.

Broadway's gross receipts were \$356 million, while a total of 33 road companies, including eight new productions, brought in \$688 million, according to statistics released this week by the League of American Theaters and Producers.

The total audience was the largest since 1987-88, when about 30,000 more people attended shows. In addition, the league said, the total gross receipts for Broadway shows and touring shows this season exceeded \$1 billion for the first time.

The number of new productions, 37, was up from 33 in the 1992-93 season. So was the number of total weeks that shows ran in theaters: 1,061 this season; 1,018 last.

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MARKET DIARY

U.S. Jobs Report Cheers Wall Street

Compiled by Our Staff From Dispatches
NEW YORK — U.S. stocks gained and interest rates fell Friday after government officials said a drop in unemployment last month may have been overstated.

Stocks and Treasury bond prices slid early after the Labor Department

U.S. Stocks

ment said unemployment fell to 6.0 percent in May from 6.4 percent in April. The data, which showed a drop in unemployment last month may have been overstated.

But a Labor Department spokeswoman subsequently defused the data, saying that while the unemployment figure has continued to trend downward, it may have been overstated because of a change in the way the figure was calculated.

The government also said 191,000 nonfarm payroll jobs were created in May, below analysts' expectations for about 200,000.

The Dow Jones industrial average closed up 13.23 points, at 3,772.25, while gaining issues outnumbered losing ones by a 12-to-7 ratio on the New York Stock Exchange.

The price of the benchmark 30-year Treasury bond rose 25/32 point, to 87 3/32, sending the

yield down to 7.27 percent from 7.34 percent Thursday.

"The bottom line was the increase was way under expectations and that shows the economy is slowing down," Patrick Retzer, manager of the Milwaukee-based Heartland U.S. Government Securities Fund, said of the increase in nonfarm payrolls.

Among individual issues, Bausch & Lomb plunged 8 1/4 to 41 1/4 after the maker of eye care products said that 1994 revenues could be cut by \$75 million because of a company program to slow shipments to distributors.

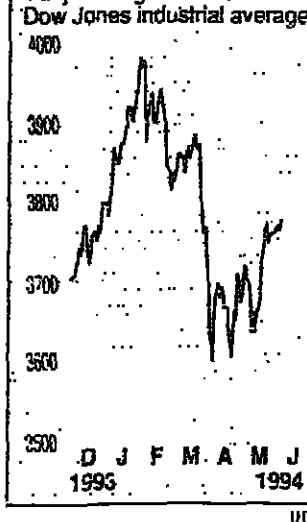
General Motors fell 1 1/2 to 52 1/2 after the automaker said it planned to issue 17.7 million shares as part of a plan to convert all of its series A preference equity redemption cumulative stock.

Kmart was the most actively traded U.S. stock, rising 5/8 to 16 after the discount retailer said it was running a 3-to-1 in favor of a company proposal to issue four new series of common stock linked to separate specialty retail businesses. Later, however, news reports said the plan was defeated.

Another discount retailer, Wal-Mart, rose 1 1/4 to 23 1/4. The company said it planned to expand in Argentina and Brazil.

The Dow

Daily closings of the Dow Jones industrial average



NYSE Most Actives

Vol.	High	Low	Last	Chg.
Kmart	47,936	16	15 1/4	+1 1/4
General Motors	41,009	52 1/2	52 1/2	-1 1/2
Wal-Mart	20,000	23 1/4	23 1/4	+1 1/4
IBM	19,000	100	100	+1 1/4
Microsoft	18,000	50	50	+1 1/4
Oracle	17,000	40	40	+1 1/4
Amazon.com	16,000	10	10	+1 1/4
Yahoo!	15,000	20	20	+1 1/4
Comcast	14,000	30	30	+1 1/4
Verizon	13,000	40	40	+1 1/4

NASDAQ Most Actives

Vol.	High	Low	Last	Chg.
IBM	19,000	100	100	+1 1/4
Microsoft	18,000	50	50	+1 1/4
Oracle	17,000	40	40	+1 1/4
Amazon.com	16,000	10	10	+1 1/4
Yahoo!	15,000	20	20	+1 1/4
Comcast	14,000	30	30	+1 1/4
Verizon	13,000	40	40	+1 1/4
General Motors	12,000	52 1/2	52 1/2	-1 1/2
Wal-Mart	11,000	23 1/4	23 1/4	+1 1/4
Kmart	10,000	16	15 1/4	+1 1/4

AMEX Most Actives

Vol.	High	Low	Last	Chg.
IBM	19,000	100	100	+1 1/4
Microsoft	18,000	50	50	+1 1/4
Oracle	17,000	40	40	+1 1/4
Amazon.com	16,000	10	10	+1 1/4
Yahoo!	15,000	20	20	+1 1/4
Comcast	14,000	30	30	+1 1/4
Verizon	13,000	40	40	+1 1/4
General Motors	12,000	52 1/2	52 1/2	-1 1/2
Wal-Mart	11,000	23 1/4	23 1/4	+1 1/4
Kmart	10,000	16	15 1/4	+1 1/4

Market Sales

NYSE 22,229,738
NASDAQ 18,000,000
AMEX 1,000,000

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NASDAQ 18,000,000
AMEX 1,000,000

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Dow Jones Averages

Open High Low Last

Indus.	3,772.25	3,772.25	3,772.25	-13.23
Transp.	1,025.75	1,025.75	1,025.75	-1.25
Util.	185.50	185.50	185.50	-1.25
Chem.	136.62	136.62	136.62	-1.25

Standard & Poor's Indexes

High Low Close Chg.

Indus.	531.78	531.78	531.78	-2.85
Transp.	155.77	155.77	155.77	-1.25
Util.	155.77	155.77	155.77	-1.25
Chem.	155.77	155.77	155.77	-1.25

NYSE Indexes

High Low Last Chg.

Composite	234.61	234.61	234.61	-1.27
Indus.	234.61	234.61	234.61	-1.27
Transp.	234.61	234.61	234.61	-1.27
Util.	234.61	234.61	234.61	-1.27

NASDAQ Indexes

High Low Last Chg.

Composite	234.61	234.61	234.61	-1.27
Indus.	234.61	234.61	234.61	-1.27
Transp.	234.61	234.61	234.61	-1.27
Util.	234.61	234.61	234.61	-1.27

AMEX Stock Index

High Low Last Chg.

Composite	234.61	234.61	234.61	-1.27
Indus.	234.61	234.61	234.61	-1.27
Transp.	234.61	234.61	234.61	-1.27
Util.	234.61	234.61	234.61	-1.27

Dow Jones Bond Averages

Open High Low Last

20 Bonds	97.76	97.76	97.76	+0.11
10 Bonds	97.76	97.76	97.76	+0.11
10 Industrials	97.76	97.76	97.76	+0.11

NYSE Diary

Close Prev.

Advanced	130	129
Unchanged	143	143
Declined	143	143
New Highs	143	143
New Lows	143	143

NASDAQ Diary

Close Prev.

Advanced	144	143
Unchanged	143	143
Declined	143	143
New Highs	143	143
New Lows	143	143

Spot Commodities

Today Prev.

Aluminum	1.62	1.61
Copper	1.62	1.61
Gold	1.62	1.61
Oil	1.62	1.61
Silver	1.62	1.61

Metals

Today Prev.

Aluminum	1.62	1.61
Copper	1.62	1.61
Gold	1.62	1.61
Oil	1.62	1.61
Silver	1.62	1.61

Industrials

Today Prev.

Aluminum	1.62	1.61
Copper	1.62	1.61
Gold	1.62	1.61
Oil	1.62	1.61
Silver	1.62	1.61

U.S. FUTURES

Open High Low Close Chg.

Wheat	1.62	1.61
Corn	1.62	1.61
Soybeans	1.62	1.61
Oil	1.62	1.61
Silver	1.62	1.61

Grains

Open High Low Close Chg.

Wheat	1.62	1.61
Corn	1.62	1.61
Soybeans	1.62	1.61
Oil	1.62	1.61
Silver	1.62	1.61

Metals

Open High Low Close Chg.

Aluminum	1.62	1.61
Copper	1.62	1.61
Gold	1.62	1.61
Oil	1.62	1.61
Silver	1.62	1.61

Open High Low Close Chg.

Aluminum	1.62	1.61
Copper	1.62	1.61
Gold	1.62	1.61
Oil	1.62	1.61
Silver	1.62	1.61

Open High Low Close Chg.

Aluminum	1.62	1.61
Copper	1.62	1.61
Gold	1.62	1.61
Oil	1.62	1.61
Silver	1.62	1.61

Open High Low Close Chg.

Aluminum	1.62	1.61
Copper	1.62	1.61
Gold	1.62	1.61
Oil	1.62	1.61
Silver	1.62	1.61

Open High Low Close Chg.

Aluminum	1.62	1.61
Copper	1.62	1.61
Gold	1.62	1.61
Oil	1.62	1.61
Silver	1.62	1.61

Open High Low Close Chg.

Aluminum	1.62	1.61
Copper	1.62	1.61
Gold	1.62	1.61
Oil	1.62	1.61
Silver	1.62	1.61

Open High Low Close Chg.

Aluminum	1.62
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The Scramble For Scrabble

Compiled by Our Staff From Dispatches

LONDON — A boardroom battle for a board game erupted Friday, with two of the largest U.S. toy makers bidding for the tiny British company best known for its Scrabble word game.

Mattel Inc. made the latest move, bidding \$78.5 million for J.W. Spear & Sons PLC. That topped a six-day-old \$70.4 million offer from Hasbro Inc., which already owns 26.7 percent of Spear stock.

"We're really considering our position," said Nigel Hutton, Hasbro's legal representative in Britain. "Why Mattel has suddenly shown an interest, we don't know. We don't really anticipate anyone else will."

The board of the family-controlled Spear said it thought "that the Mattel offer represents a better prospect for the future development of the business."

The latest offer "would significantly enhance Mattel's presence in the games category in international markets," Spear's board said.

Hasbro's unsolicited offer led to differences of opinion on the Spear board. The chairman, Francis A. Spear, is the grandson of the founder, and his family owns nearly 20 percent of the company's shares.

The board said Mr. Spear had not been available to consider the Mattel offer when it was submitted, but "now joins with the other members of the board in welcoming the Mattel offer."

It said Mr. Spear had not made up his mind whether to accept the offer, which was heartily endorsed by other Spear board members.

Hasbro and Mattel are leading U.S. toy makers. Hasbro's line includes Kenner and Hasbro toys, along with Milton Bradley and Parker Brothers games.

(Bloomberg, Reuters)

Icelandair Carves a Niche

Hub-and-Spoke System Adds to Flexibility

By Peter Passell
New York Times Service

The planes were always jammed, the flights were usually late and prudent travelers brought along their own sandwiches. But long before Freddie Laker or People Express, Icelandair (then called Icelandic) was breaking all the economic rules of airlines, making money by opening Europe to the backpack set — among them a graduate student, Bill Clinton, on his way to Oxford.

Now, three decades later, the little airline that could is at it again, repositioning itself as the international carrier whose flights all stop in a country that is hardly anyone's final destination. Improbable as it may seem, tiny, unsubsidized Icelandair may once again have found a formula for success in an industry where mere survival is considered a triumph.

Icelandair began domestic service in the late 1930s as the lifeline for an island with long, dark winters and few paved roads. But the airline that evokes nostalgia among the baby boomers really dates from 1955, when it began to exploit a loophole in tight regulations that restricted capacity and kept fares high on trans-Atlantic routes.

Amenities were not a priority on the Icelandair flights from New York to Luxembourg, with a stop in Iceland. Since most passengers were headed for Paris or Brussels or Amsterdam, the long uncomfortable flight was usually followed by a long, uncomfortable bus ride. But the stop in the middle did give thousands of young people the option of lingering to ogle Iceland's bizarre volcanic scenery. Besides, the crowd was sociable and the price was right.

Since Icelandair was not a member of the International Air Transport Association, it was able to undercut other carriers' fares, sometimes by as much as a third. Because the tiny airline "simply was not a threat," noted Daniel Kasper, a consultant at Harbridge House in Massachusetts, major airlines were not inclined to swat it out of existence.

By the late 1970s, however, Icelandair's formula was undone by changing technology and deregulation. Direct competition came with the rise of

discount carriers and the effective collapse of cartel pricing over the Atlantic. Also, the costs of operating the airline's DC-8 jets were far higher than that of the jumbos used by the other airlines.

Icelandair survived the early 1980s by laying off roughly one-third of its 1,500 employees and leasing under-used aircraft to carry Muslim pilgrims to Mecca. But the airline remained a marginal operation and its managers were determined to recapture the initiative.

So Icelandair created a hub-and-spoke route system, with every plane from North America (three a day during the summer, typically two in the winter) stopping in the morning at the minifresh Lofti Eiríksson air terminal to transfer passengers to European flights.

This minuet is reversed in the late afternoon, with daily westbound planes from Luxembourg and Copenhagen and less frequent service from other European cities connecting with planes bound for the East Coast of the United States. Last year, three-quarters of a million passengers went through the terminal — three times the population of Iceland.

"Icelandair is a classic niche player," Mr. Kasper said, an airline with the potential to feed on traffic that is beyond the notice of global carriers.

What is more, pointed out Einar Sigurdsson, the director of marketing for Icelandair, his airline does have some inherent strengths offsetting its inherent weaknesses.

For one thing, Icelandair shares runways and an air-traffic control system with the Keflavik air base of the North Atlantic Treaty Organization, a base built to push aircraft in and out in all weather conditions. That means delays are rare.

Equally important, in the late 1980s the carrier's utterly obsolete aircraft and the sense of urgency felt by both stockholders and employees gave Icelandair's managers the freedom to plan from scratch. "We just didn't have much choice," recalls Sigurdur Helgason, Icelandair's chief executive.

Nestlé Expands In East

Bloomberg Business News

ZURICH — Nestlé SA said Friday it bought a 70 percent stake in a newly privatized Bulgarian chocolate and candy maker.

Fransjo-Kavir Perroud, a Nestlé spokesman, said the Swiss company signed the deal Thursday to buy Shokoladoviy Zahrani Iztelna, a chocolate and sugar-products company based in Sofia.

The deal must be approved by the Bulgarian company's supervisory board, he said. Shokoladoviy Zahrani has annual sales of 25 million Swiss francs (\$18 million), Mr. Perroud said. He would not disclose the purchase price.

Nestlé recently stepped up its presence in Eastern Europe with purchases of Polish and Czech chocolate makers.

"This is in line with everything Nestlé has said it would do," said James Amoroso, an analyst with Credit Suisse in Zurich.

The Eastern European market for candy is dominated by local players, he said. Major Western European food companies have only a 10 percent to 15 percent share. Nestlé leads that group, holding about 8 percent of the overall market, while Philip Morris Co.'s Jacobs Suchard unit is second.

Bulgarian per capita chocolate consumption is among the lowest in the region, said Wilhelm Blazner, also with Credit Suisse.

In February, Jacobs Suchard paid \$4.4 million for an 82 percent of the largest Bulgarian chocolate maker, Republika.

Investor's Europe

Frankfurt DAX	London FTSE 100 Index	Paris CAC 40
2400	3500	2400
2300	3400	2300
2200	3300	2200
2100	3200	2100
2000	3100	2000
1900	3000	1900
1800	2900	1800
1700	2800	1700
1600	2700	1600
1500	2600	1500
1400	2500	1400
1300	2400	1300
1200	2300	1200
1100	2200	1100
1000	2100	1000
900	2000	900
800	1900	800
700	1800	700
600	1700	600
500	1600	500
400	1500	400
300	1400	300
200	1300	200
100	1200	100
0	1100	0

Exchange	Index	Friday Close	Prev. Close	% Change
Amsterdam AEX		403.08	399.74	+0.84
Brussels Stock Index		7,608.37	7,623.12	-0.19
Frankfurt DAX		2,148.39	2,129.70	+0.88
Frankfurt FAZ		808.75	802.98	+0.80
Helsinki HEX		1,777.46	1,779.60	-0.12
London Financial Times 30		2,279.80	2,364.30	+0.66
London FTSE 100		2,897.80	2,960.80	+0.57
Madrid General Index		325.84	320.74	+1.59
Milan MIB		1,189.80	1,187.00	+0.17
Paris CAC 40		2,041.74	2,007.38	+1.71
Stockholm Allshareindex		1,884.14	1,869.12	+0.80
Vienna Stock Index		440.14	443.35	-0.72
Zurich SSB		985.42	995.01	+0.94

Sources: Reuters, AFP
International Herald Tribune

Very briefly:

- Volvo AB plans to invest 390 million kronor (\$5 million) to upgrade its trucking production in order to raise production to 50,000 units annually, up from the current 43,000.
 - Apple Computer Inc. plans to invest an initial \$30,000 to train computer programmers in Ukraine and market the software they produce.
 - Saga Petroleum A/S said its Tordis oil field in the North Sea, in which it has invested 3.7 billion kroner (\$518 million) has started producing oil and should reach 75,000 barrels a day as more wells are brought on stream.
 - Greece plans to privatize up to 25 percent of EKO Oil and Hellenic Refineries, two subsidiaries of Public Oil Corp., this year, raising about 50 billion drachmas (\$203 million).
 - Telefonica de España SA expects profit to rise 40 percent annually at its Peruvian operations, CPT-Peru and Entel Peru, in the years from 1994 to 1998 in step with an increase in sales.
 - France is inviting domestic and foreign banks to bid for the job of finding potential partners for Groupe Bull, the unprofitable computer maker due to be privatized before the end of the year.
 - Greece's central bank has ruled out devaluing the drachma, saying interest rates, not capital restrictions, were the key to defending the country's sagging currency.
- Bloomberg, Reuters, AFP

Motorola Expands in Ireland

Agence France-Press

DUBLIN — Motorola Inc., a world leader in cellular communications, is going to invest 110 million euro (\$160 million) to expand its plant at Swords, Ireland, creating 2,000 jobs in five years, the Industrial Development Agency announced on Friday.

The Irish agency said the investment would enable Motorola to meet growing European demand for portable telephones and cordless electronic equipment.

The American company already employs 800 people at Swords, which is near Dublin.

The agency also said Japanese electronics giant NEC Corp. would invest 50 million euro to enlarge its Ballivor unit, with the creation of 110 jobs over four years.

OECD: In Changing (or Not) Its Top Executive, Bureaucracy-on-the-Seine Stumbles Toward Redefining Itself

Continued From Page 11

posals to the needs of each country. On Wednesday, Andrei V. Kozlov, Russia's foreign minister, will be in Paris to sign a cooperation agreement with the OECD that is described by diplomats as an important part of the West's overall strategy for establishing a series of arm's-length economic relationships with Moscow.

OECD member governments will approve the start of formal membership talks for South Korea, Poland, Hungary, and the Czech and Slovak republics.

The meeting will discuss ways to develop further relations with China, a nonmember. The Japanese government, in particular, is

keen to see relations with Beijing strengthened.

Efforts will be made to expand relations with such emerging economies as Taiwan, Thailand, Singapore, Malaysia, Hong Kong, Argentina, Chile and Brazil.

Delegates will lay the groundwork for efforts to create universal rules on foreign investment.

Member governments will approve an accord aimed at curbing such corrupt practices as bribery.

Ministers from Mexico, which has just become the 25th member, will be welcomed to the organization.

Finally, trade ministers from OECD member states will meet to discuss the need for more study of issues emerging following the re-

cent Uruguay Round world trade accord. These include links between trade and the environment, competition policy and workers' rights.

Although not formally on the agenda, there is one more issue of signal import — the search for a successor to Mr. Paye. Defenders of the OECD chief, who is being backed by France for a third term, note that it was under his tenure in 1987 that work was done showing the distorting impact of farm subsidies, and this in turn helped break negotiators to agree to phase many subsidies out during the Uruguay Round talks last year. They also cite pioneering work on the economics of environmental management and Mr. Paye's drive since

1991 to help Eastern European countries in their transition to market economies.

But U.S. and Japanese officials are agreed it is time for a change, and they appear to have persuaded Australia, New Zealand, Mexico, Turkey, Iceland and Norway to back Canada's candidate to be the new OECD chief — Donald Johnston, a Canadian politician. Germany's candidate — Lorenz Schmauder, a Finance Ministry official — is said to have almost a chance. Thus the only serious opponent to Mr. Johnston is Lord Lawson, the former British chancellor of the Exchequer, who is thought by many to be too abrasive for the job.

U.S. officials are irritated that a successor cannot be chosen next week because members of the European Union have asked for a delay. The Europeans see the OECD job as a bargaining chip in their struggle to resolve their own decision on a successor to Jacques Delors, the European Commission president.

As for Mr. Paye, he seemed to indicate in an interview that he understood that next week's ministerial meeting would probably be his last. He said that if he is replaced he would "leave with regret and with no grudge."

Mr. Paye did offer one thought for the future, which is shared by Washington and most other members of the organization. The OECD, he conceded, is clearly at a turning point, and if it is to remain

relevant "it has to be not the club of the rich, but the organization of countries that count in the world economy and set the pace."

That, said U.S. officials, is why the second-most-important item next week, following the unemployment study, will be building a rapport with potential future members ranging from Brazil to China.

There are two basic criteria for membership in the OECD — having a democratic form of government and having a market economy that promotes free trade.

Apart from all the policy analysis, the OECD's future would seem to lie in its ability to spread the gospel of Western-style capitalist democracy. "It has plenty of problems," said one Western diplomat,

relevant "it has to be not the club of the rich, but the organization of countries that count in the world economy and set the pace."

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NYSE

Friday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

12 Month High Low Stock Div Yld PE Ratio High Low Last Change

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Friday's Closing

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Trade Surplus In Japan Soars Above Estimates

Bloomberg Business News
TOKYO — Japan's current-account balance, the broadest measure of a nation's trade, surged to a surplus of \$13.98 billion in April, the Finance Ministry reported, the third-highest monthly total ever. The result was higher than many economists had expected. Economists had predicted the surplus would be about \$12.3 billion. April's surplus shot up 22.6 percent from a year earlier after contracting 16.1 percent in March, continuing its volatile zig-zag pattern begun last fall. Economists say this pattern shows the surplus is in transition between its previous steady expansion and a coming consistent decline. Thanks to the yen's apprecia-

tion since last spring, most economists say the surplus will steadily decline this summer or fall.

"The future course of the surplus depends on currency rates," said Hiroshi Uchimura, a Finance Ministry official.

A strong yen makes Japanese goods more expensive abroad, while making imports cheaper.

The current account measures the balance of trade and such so-called invisible balances as services and interest payments that pass between countries.

The trade portion of the current account, which makes up the bulk of the figure, rose 12 percent from a year earlier, to \$13.25 billion, the ministry said. Imports rose 3.5 percent, while exports climbed 6.9 percent.

Hong Kong, China Draw Japan's Funds

Compiled by Our Staff From Dispatches

TOKYO — China and Hong Kong pushed Britain aside as the No. 2 destination for Japanese direct investment abroad, after the United States, the Finance Ministry said Friday.

Foreign investment applications grew to \$36.0 billion in the year to March, compared with \$34.1 billion a year ago and reversing a three-year slide.

Direct investment in Europe totaled \$7.9 billion in the year to March, up from \$7.1 billion the year before, accounting for 22.0 percent of the total. The Netherlands, Ireland and Switzerland saw most of the gains. Britain's share of Japanese direct investment fell to 7.0 percent from 8.6 percent.

Direct investment in Asia was 3.3 percent higher, at \$6.6 billion. China received \$1.7 billion of Japanese investment, up 58 percent from a year ago. Japanese investment in Hong Kong jumped to \$1.2 billion.

The United States remained the most popular investment destination for Japan, accounting for more than 40 percent in both the latest year and the previous year. (AFP, APX)

China Will Keep Prices Shackled

Compiled by Our Staff From Dispatches

BEIJING — Deputy Prime Minister Zou Jiahua warned Chinese shopkeepers and factory managers that they were not free to raise prices of any goods at will, official newspapers reported Friday.

Mr. Jiahua, addressing the closing session of a national meeting on price monitoring, also said inspectors would be sent out in mid-June to prevent unauthorized price rises.

"Some people think government will let producers and retailers set prices freely after price reforms are in place," the official China Daily quoted Mr. Zou as saying. "This is a total misunderstanding of price reform."

In a previous inspection drive, in March, six teams fined thousands of retailers across the country for exceeding price caps set by the government this year on 20 common foods and services.

This time, inspectors will be enforcing recently imposed price controls on steel, petroleum products, fertilizer and rural power, the Economic Daily reported from the meeting on Wednesday.

"The state will still undertake many different forms of management over the prices of products and services related to public welfare and will not allow them to

Shanghai Avid for Bonds

Agence France-Presse

SHANGHAI — Local investors in Shanghai snapped up about 18 percent of China's crucial 1994 issue of two-year Treasury bonds, but the flotation's success could play havoc with the local stock market, analysts said Friday.

The Shanghai Finance Bureau said the city bought 4.8 billion yuan (\$56 million) of the 27 billion yuan two-year issue, more than any other city or region in the country.

This year's 87 billion yuan state bond offer, including 60 billion yuan of three-year bonds, is vital because the Treasury will for the first time be unable to offset its budget deficit — forecast to double that of 1993, to 66.9 billion yuan — by borrowing from the central bank.

The two-year bonds carry a 13 percent interest rate, which is 1.2 percentage points higher than local bank deposits. The issue sold out May 25, while 67 percent of the three-year bonds, carrying a rate of 13.96 percent, have been sold so far.

Some Chinese brokers said the success of the bond issue bodes ill for the local stock market, which has lost more than 65 percent of its value since opening in 1990, wiping out the savings of many small investors. Although the China Securities Regulatory Commission has brought to a halt the listing of new companies in the hope of bolstering confidence, the market for A-shares, which are restricted to Chinese investors, has continued to fall, shedding 5 percent last week.

"The bonds were successful precisely because the interest rates are so attractive" and the stock market "is far too risky," said a local analyst with the Bank of Communications.

dent democracy protests, suppressed five years ago Saturday.

The Tiananmen protests, which started as a student-led movement, gained broad popular support during the spring of 1989 because of mass anger at corruption and run-away inflation.

Both problems have reared their heads again. "There are many people frustrated at life, at their job state, at disparities in income, at the prices of food," said a Western diplomat. "The tensions are there, the frustrations are there, but at the moment it hasn't reached the level where it will burst."

Some entrepreneurs have reacted angrily to government officials' sudden meddling in their business. The state press has reported three incidents in which price inspectors were hospitalized after being beaten by market stall-holders.

(Reuters, Bloomberg)

Shanghai Food Worries

Shanghai, concerned at high inflation and the loss of arable land, on Friday announced a three-year program to improve its food supply, Reuters reported from the city.

The city will take steps to protect area set aside for vegetable production and set targets for other agricultural goods.

Bankers Laud Indonesia's New Rules

Reuters

JAKARTA — Loosened regulations on foreign investment in Indonesia are a step in the right direction, but they may not be sufficient to meet stiff competition for funds from China and Vietnam, foreign bankers and business owners said Friday.

On Thursday, Indonesia overhauled what bankers had called a draconian system, significantly easing foreign-investment curbs and ending compulsory equity divestment for joint ventures.

"If I had basically decided two weeks ago to go into China instead of Indonesia, I don't think Thursday would have made me change my mind," a foreign banker said. "But it will certainly make people look at Indonesia again."

The related rules allow foreign investment in the transportation, telecommunication, energy and mass media sectors. Business leaders called for similar moves to allow investment in most of the lucrative trading and distribution sectors.

"They have gone a long way, but it is unfortunate it has taken so long," the banker said. "Whether it is too little too late, I don't know yet."

Under the new rules, foreign investors can operate in Indonesia for 30 years after a commercial project begins, and that period can be extended by another 30 years.

Foreign concerns can sell stakes to local

investors after 15 years, subject to negotiation and without limits on minimum local stakes. Previously, investors had to divest 51 percent to local operators after 20 years.

The new rules also reduce the minimum equity holding in a joint venture to 5 percent from 20 percent for the Indonesian partner.

The previous ruling was a major bone of contention. Until now, you ultimately had to concede that you were going to give up control, making the choice of partners very critical," another foreign banker said.

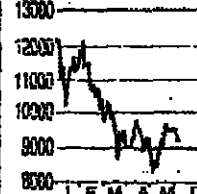
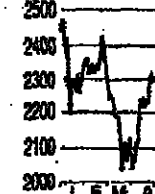
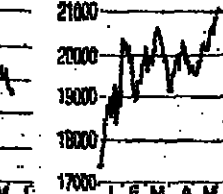
Finance Minister Mar'ie Muhammad has said Indonesia needs investments totaling about \$330 billion over the next five years, with 75 percent from the private sector, if the economy is to grow at the 6.2 percent annual rate projected.

Indonesia, the world's fourth-most-populous country, suffered a 22 percent drop in foreign investment approvals in 1993. That added to economic woes that include a foreign debt of about \$90 billion and falling oil prices.

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Investor's Asia

Hong Kong Hang Seng		Singapore Straits Times		Tokyo Nikkei 225	
					
1994		1994		1994	
Exchange	Index	Friday Close	Prev. Close	% Change	
Hong Kong	Hang Seng	9,234.27	9,222.34	+0.13	
Singapore	Straits Times	2,268.70	2,252.38	+0.72	
Sydney	All Ordinaries	2,078.50	2,077.00	+0.08	
Tokyo	Nikkei 225	20,954.20	21,009.00	-0.26	
Kuala Lumpur	Composite	955.49	955.44	+0.05	
Bangkok	SET	1,358.00	1,358.92	-0.07	
Seoul	Composite Stock	942.43	937.43	+0.53	
Taipei	Weighted Price	6,035.70	5,958.62	+1.33	
Manila	PSE	3,050.18	3,079.64	-0.63	
Jakarta	Stock Index	486.73	487.40	-0.14	
New Zealand	NZSE-40	2,139.01	2,147.76	-0.41	
Bombay	National Index	1,581.16	1,562.39	+0.69	

Sources: Reuters, AFP

International Herald Tribune

Very briefly:

India will not request emergency assistance at the annual Paris Club meeting of its aid donors, officials said in New Delhi. They said that India's foreign-exchange reserves of \$15 billion were adequate.

• Hitachi Ltd., the Japanese electronics company, said it would hire 800 new university graduates next spring, down 20 percent from the 1,000 hired this year.

• Hutchison Whampoa Ltd., the Hong Kong conglomerate, is buying a 25 percent stake in the Port of Felixstowe, Britain, from the Hong Kong shipping company Orient Overseas (International) Ltd. for \$85.4 million Hong Kong dollars (\$75.7 million).

• Jinhui Holdings Co., which is listed in Hong Kong, said that it would offer about 49 million shares on the Norwegian market next week to raise \$90 million to expand shipping operations. The company, which mainly operates to and from China, is incorporated in Bermuda.

• Vietnam and China had trade of \$3.45 billion last year, accounting for more than half of Vietnam's foreign commerce, the weekly Thai Bao Kinh Te reported. (AFP, Reuters, Bloomberg, APX)

Mazda Sees Improvement

Compiled by Our Staff From Dispatches

TOKYO — Mazda Motor Corp. on Friday posted a net loss of 48.99 billion yen (\$469 million) in the financial year to March 31, but it said it expected the loss to narrow this year because of cost cutting and an uptick in sales.

The loss compares with net income of 1.28 billion yen in the 1992 financial year. On a current basis, which includes operating profit and gains and loss on investment, the company posted a loss of 48.10 billion yen, against a profit of 10.77 billion yen in 1992.

Last week, Mazda said it posted a parent-company loss of 44.1 billion yen in the 1993 financial year.

The loss was partially the result of the strong yen, which made Japanese cars more expensive for overseas customers. A general slump in auto demand contributed to the weak results, the company said. But Mazda said improved sales and intensified cost-cutting measures this year should help it narrow its current loss to about 34 billion yen this year. (AFP, Reuters, Bloomberg)

Japan Stocks Poised to Test 2-Year High

By Andrew Pollack

New York Times Service

TOKYO — Japan's stock market is poised to break out of its long slump and surge to its highest level in more than two years, according to a growing number of analysts and investors.

The Nikkei index of 225 issues has risen 20.6 percent this year. The index closed Thursday at 20,954.19, down 54.81 points, after four days of gains.

Twice last year, in the spring and in September, the Nikkei index moved close to the 21,500 mark it approached in March 1992. But in both cases, the market fell back as glimmers of an economic recovery proved to be a mere mirage.

But now there is an evolving consensus that the recovery is for real this time and that Japan's long, bleak recession is finally coming to an end. That view was buttressed this week by the release of several economic indicators that pointed, at least tepidly, in a positive direction.

"Fears of déjà vu are misplaced," said Kathy Matsui, chief strategist in Japan for Goldman Sachs & Co., who predicted the Nikkei average would gradually climb as high as 24,000. "You've got a very different economy now."

Even if the market undergoes a short-term correction now, analysts contend it will eventually rise as high as 25,000, signaling an end to

the bear market that has persisted since prices started falling in 1990. But while that would be a jump of 43.5 percent for the year, the market would still be far below the Nikkei's high of 38,915.87 at the end of 1989.

Last year, any hope of economic recovery was dashed by the sharp rise of the yen, which severely hurt Japan's export-oriented automobile and electronics companies.

But now the United States, which let the yen strengthen against the dollar to put pressure on Japan in trade talks, is worried about the impact of a weakening dollar on American financial markets. That makes it unlikely that the yen will rise as sharply this year as it did last year, if it rises at all.

The strengthening U.S. economy also is helping Japan, pulling in Japanese goods despite the fact that the strong yen has made Japanese products less competitive.

To be sure, nobody expects a robust recovery in Japan. Most predictions are that economic growth this year will be below 1 percent. Some of the economic indicators that have buoyed the market this week look positive only because they are less negative than what has come before.

Corporate profits for the fiscal year that ended in March, for example, were down about 18 percent, but that was less of a drop than

expected, said Jeff Bahrenburg, Japanese equity strategist for Merrill Lynch & Co. in Tokyo. Companies and economic research institutes are forecasting that profits will rise this year after four consecutive years of decline — not because sales will increase but only because corporate cost-cutting and restructuring will begin to take effect.

Housing starts were strong in April and the unemployment rate fell to 2.8 percent from 2.9 percent in March. There are some signs that consumer spending is picking up and an income-tax cut this year could help encourage more spending.

Weak as these portents might be, stock markets tend to move in advance of economic recovery. Momentum can build as investors fear missing out on a rally.

"Little hints are enough to bring all the cash that's bottled up on the sidelines into the market," Mr. Bahrenburg said.

The key to sustaining the rally will be whether Japanese investors truly jump into the market. So far, the market has been driven up by foreign investors amid sentiment that bargains can still be found in Japan.

But Japanese institutional investors, wary of being burned again by a false recovery, have been more cautious.

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The directors of the Company resolved to calculate the Net Asset Value on Tuesday of each week or, if such day is not a business day in Luxembourg and in London, on the next following business day. Such calculation will start on June 7th, 1994. The Explanatory Memorandum will be up-dated accordingly by an addendum.

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Herald Tribune

REPUBLIC OF GUINEA ENELGUI

Invitation for Prequalification
Garafiri hydro-electric Project
Lot No. 3 - Civil Works

1. The Government of the Republic of Guinea has applied for a credit from the International Development Association (IDA), the African Development Bank (ADB), the Islamic Development Bank (IDB), the Arab Bank for Economic Development in Africa (ABEDA), the Kuwait Fund, the Saudi Fund, etc., in various currencies to cover the cost of the Garafiri Hydro-electric Project and intends to apply a portion of the proceeds of this credit to eligible payments under the contract for which this Invitation for Prequalification is issued.

2. ENELGUI intends to prequalify contractors for the execution of the following works, namely:

- general installations,
— dam 75 m high, 570,000 m³ of excavation, 4,900,000 m³ of fill,
— 2 tunnels (5.8 m in diameter, 610 m long, and 8.6 m in diameter, 680 m long),
— ungated spillway (250,000 m³ of excavation, 40,000 m³ of concrete),
— water intake works,
— headrace to the powerhouse and surge tank (180,000 m³ of excavation, 18,000 m³ of concrete),
— civil works for the powerhouse (300,000 m³ of excavation, 11,200 m³ of concrete).

3. It is expected that invitations to Bid will be made in September 1994.

4. The prequalification documents are available for a non refundable fee of 200 French Francs or its equivalent in any other freely convertible currency and may be obtained from the Consultant by calling, writing, faxing, or telefaxing:

Coyne et Bellier/Electricité de France
9, allée des Barbantiers
92632 - Gennervilliers Cedex - France
Tel: (33-1) 41.85.03.69
Fax: (33-1) 41.85.03.74
Telex: COYBE 616 615 F

5. Submissions of Applications for Prequalification must be received not later than July 18, 1994, at 5 p.m.

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Netherlands	Fl. 770	420	230
Norway	N Kr. 3,500	1,900	1,050
Portugal	Esc. 47,000	25,000	14,000
Spain	Ptas. 48,000	26,500	14,500
Sweden	Skr. 55,000	27,500	14,500
Switzerland	S Fr. 3,100	1,700	900
Rest of Europe ex. CEI	S Fr. 3,500	1,800	1,000
Rest of Europe ex. CEI	S Fr. 810	335	185
Rest of Europe ex. CEI	S Fr. 485	265	145
CEI, N. Africa, former French Algeria, Middle East	S Fr. 630	345	190
Gulf States, Asia, Central and South America	S Fr. 780	430	235
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Friday's 4 p.m.
This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

High Low Stock	Div	Yld	PE	P/E	95	High	Low	Uses	Chrgs
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222	ABC Rail	10	5	585	16	187	17	174	174
223	ABC Rail	10	5	585	16	187	17	174	174
224	ABC Rail	10	5	585	16	187	17	174	174
225	ABC Rail	10	5	585	16	187	17	174	174
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227	ABC Rail	10	5	585	16	187	17	174	174
228	ABC Rail	10	5	585	16	187	17	174	174
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266	ABC Rail	10	5	585	16	187	17	174	174
267	ABC Rail	10	5	585	16	187	17	174	174
268	ABC Rail	10	5	585	16	187			

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12 Month	High Low Stock	Div	Yield	P/E	52 Wk High	Low	Volume
2813	LT				3010	2700	20
2814	LTW				2700	2500	20
2815	Lancor				1300	1100	20
2816	Lancor				1300	1100	20
2817	Lancor				1300	1100	20
2818	Lancor				1300	1100	20
2819	Lancor				1300	1100	20
2820	Lancor				1300	1100	20
2821	Lancor				1300	1100	20
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2842	Lancor				1300	1100	20
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2997	Lancor				1300	1100	20
2998	Lancor				1300	1100	20
2999	Lancor				1300	1100	20
3000	Lancor				1300	1100	20

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A-Z		T-U-V		W-X-Y-Z	
100%	100%	100%	100%	100%	100%
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2%	2%	2%	2%	2%	2%
1%	1%	1%	1%	1%	1%
0%	0%	0%	0%	0%	0%

姓名	性别	年龄	籍贯	职业	住址	备注
王德胜	男	45	山东	工人	XX路XX号	
李秀英	女	38	河北	教师	XX街XX号	
张国强	男	52	河南	农民	XX村XX组	
赵子龙	男	28	江苏	学生	XX中学	
刘小红	女	22	浙江	护士	XX医院	
陈大伟	男	35	广东	商人	XX市场	
周小芳	女	40	湖北	医生	XX诊所	
吴建明	男	30	四川	工程师	XX公司	
郑丽娟	女	25	湖南	记者	XX报社	
孙志强	男	48	安徽	干部	XX机关	
马小梅	女	33	江西	会计	XX企业	
徐文强	男	27	福建	程序员	XX公司	
黄小华	女	20	广西	歌手	XX舞台	
林大伟	男	36	贵州	律师	XX律所	
周小芳	女	42	云南	教授	XX大学	
吴建明	男	29	陕西	司机	XX车队	
郑丽娟	女	37	甘肃	作家	XX出版社	
孙志强	男	41	宁夏	研究员	XX研究所	
马小梅	女	24	青海	设计师	XX公司	
徐文强	男	31	新疆	翻译	XX公司	
黄小华	女	26	内蒙古	模特	XX公司	
林大伟	男	39	吉林	画家	XX画室	
周小芳	女	44	辽宁	舞蹈家	XX剧院	
吴建明	男	32	黑龙江	音乐家	XX乐团	
郑丽娟	女	21	山西	编剧	XX剧组	
孙志强	男	46	山东	导演	XX剧组	
马小梅	女	34	河北	制片人	XX剧组	
徐文强	男	29	河南	剪辑师	XX剧组	
黄小华	女	23	江苏	场记	XX剧组	
林大伟	男	37	浙江	灯光师	XX剧组	
周小芳	女	43	广东	化妆师	XX剧组	
吴建明	男	30	湖北	道具师	XX剧组	
郑丽娟	女	27	四川	服装师	XX剧组	
孙志强	男	40	湖南	发型师	XX剧组	
马小梅	女	35	安徽	特效师	XX剧组	
徐文强	男	28	江西	音效师	XX剧组	
黄小华	女	22	福建	后期制作	XX剧组	
林大伟	男	36	广西	发行	XX公司	
周小芳	女	41	贵州	宣传	XX公司	
吴建明	男	33	云南	销售	XX公司	
郑丽娟	女	26	陕西	客服	XX公司	
孙志强	男	47	甘肃	保安	XX公司	
马小梅	女	32	青海	保洁	XX公司	
徐文强	男	30	新疆	维修	XX公司	
黄小华	女	24	内蒙古	司机	XX公司	
林大伟	男	38	吉林	厨师	XX餐厅	
周小芳	女	45	辽宁	服务员	XX酒店	
吴建明	男	31	黑龙江	保安	XX小区	
郑丽娟	女	28	山西	保洁	XX小区	
孙志强	男	42	山东	维修	XX小区	
马小梅	女	36	河北	司机	XX小区	
徐文强	男	29	河南	保安	XX小区	
黄小华	女	23	江苏	保洁	XX小区	
林大伟	男	37	浙江	维修	XX小区	
周小芳	女	43	广东	司机	XX小区	
吴建明	男	30	湖北	保安	XX小区	
郑丽娟	女	27	四川	保洁	XX小区	
孙志强	男	40	湖南	维修	XX小区	
马小梅	女	35	安徽	司机	XX小区	
徐文强	男	28	江西	保安	XX小区	
黄小华	女	22	福建	保洁	XX小区	
林大伟	男	36	广西	维修	XX小区	
周小芳	女	41	贵州	司机	XX小区	
吴建明	男	33	云南	保安	XX小区	
郑丽娟	女	26	陕西	保洁	XX小区	
孙志强	男	47	甘肃	维修	XX小区	
马小梅	女	32	青海	司机	XX小区	
徐文强	男	30	新疆	保安	XX小区	
黄小华	女	24	内蒙古	保洁	XX小区	
林大伟	男	38	吉林	维修	XX小区	
周小芳	女	45	辽宁	司机	XX小区	
吴建明	男	31	黑龙江	保安	XX小区	
郑丽娟	女	28	山西	保洁	XX小区	
孙志强	男	42	山东	维修	XX小区	
马小梅	女	36	河北	司机	XX小区	
徐文强	男	29	河南	保安	XX小区	
黄小华	女	23	江苏	保洁	XX小区	
林大伟	男	37	浙江	维修	XX小区	
周小芳	女	43	广东	司机	XX小区	
吴建明	男	30	湖北	保安	XX小区	
郑丽娟	女	27	四川	保洁	XX小区	
孙志强	男	40	湖南	维修	XX小区	

Friday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. *Via The Associated Press*

Plant	High Low Jack	Dye	Yld	PE	Sul	High	Low	Lamp	Choke
A									
1	8	Ala	5.7	4.2	1.2	104	31%	8%	1%
2	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
3	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
4	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
5	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
6	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
7	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
8	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
9	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
10	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
11	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
12	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
13	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
14	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
15	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
16	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
17	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
18	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
19	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
20	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
21	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
22	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
23	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
24	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
25	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
26	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
27	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
28	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
29	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
30	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
31	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
32	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
33	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
34	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
35	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
36	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
37	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
38	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
39	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
40	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
41	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
42	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
43	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
44	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
45	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
46	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
47	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
48	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
49	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
50	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
51	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
52	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
53	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
54	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
55	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
56	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
57	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
58	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
59	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
60	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
61	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
62	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
63	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
64	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
65	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
66	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
67	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
68	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
69	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
70	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
71	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
72	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
73	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
74	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
75	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
76	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
77	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
78	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
79	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
80	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
81	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
82	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
83	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
84	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
85	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
86	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
87	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
88	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
89	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
90	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
91	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
92	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
93	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
94	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
95	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
96	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
97	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
98	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
99	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
100	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
B									
1	8	Ala	5.7	4.2	1.2	104	31%	8%	1%
2	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
3	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
4	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
5	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
6	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
7	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
8	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
9	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
10	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
11	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
12	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
13	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
14	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
15	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
16	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
17	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
18	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
19	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
20	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
21	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
22	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
23	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
24	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
25	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
26	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
27	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
28	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
29	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
30	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
31	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
32	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
33	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
34	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
35	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
36	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
37	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
38	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
39	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
40	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
41	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
42	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
43	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
44	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
45	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
46	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
47	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
48	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
49	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
50	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
51	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
52	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
53	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
54	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
55	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
56	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
57	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
58	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
59	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
60	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
61	10	Ala	5.7	4.2	1.2	104	31%	8%	1%
62	10	Ala	5.7	4.2	1.2	104	31%	8%	

Stock	Chg	1/4	1/2	3/4	High	Low	Open	Close
10	10	10	10	10	10	10	10	10
11	11	11	11	11	11	11	11	11
12	12	12	12	12	12	12	12	12
13	13	13	13	13	13	13	13	13
14	14	14	14	14	14	14	14	14
15	15	15	15	15	15	15	15	15
16	16	16	16	16	16	16	16	16
17	17	17	17	17	17	17	17	17
18	18	18	18	18	18	18	18	18
19	19	19	19	19	19	19	19	19
20	20	20	20	20	20	20	20	20
21	21	21	21	21	21	21	21	21
22	22	22	22	22	22	22	22	22
23	23	23	23	23	23	23	23	23
24	24	24	24	24	24	24	24	24
25	25	25	25	25	25	25	25	25
26	26	26	26	26	26	26	26	26
27	27	27	27	27	27	27	27	27
28	28	28	28	28	28	28	28	28
29	29	29	29	29	29	29	29	29
30	30	30	30	30	30	30	30	30
31	31	31	31	31	31	31	31	31
32	32	32	32	32	32	32	32	32
33	33	33	33	33	33	33	33	33
34	34	34	34	34	34	34	34	34
35	35	35	35	35	35	35	35	35
36	36	36	36	36	36	36	36	36
37	37	37	37	37	37	37	37	37
38	38	38	38	38	38	38	38	38
39	39	39	39	39	39	39	39	39
40	40	40	40	40	40	40	40	40
41	41	41	41	41	41	41	41	41
42	42	42	42	42	42	42	42	42
43	43	43	43	43	43	43	43	43
44	44	44	44	44	44	44	44	44
45	45	45	45	45	45	45	45	45
46	46	46	46	46	46	46	46	46
47	47	47	47	47	47	47	47	47
48	48	48	48	48	48	48	48	48
49	49	49	49	49	49	49	49	49
50	50	50	50	50	50	50	50	50
51	51	51	51	51	51	51	51	51
52	52	52	52	52	52	52	52	52
53	53	53	53	53	53	53	53	53
54	54	54	54	54	54	54	54	54
55	55	55	55	55	55	55	55	55
56	56	56	56	56	56	56	56	56
57	57	57	57	57	57	57	57	57
58	58	58	58	58	58	58	58	58
59	59	59	59	59	59	59	59	59
60	60	60	60	60	60	60	60	60
61	61	61	61	61	61	61	61	61
62	62	62	62	62	62	62	62	62
63	63	63	63	63	63	63	63	63
64	64	64	64	64	64	64	64	64
65	65	65	65	65	65	65	65	65
66	66	66	66	66	66	66	66	66
67	67	67	67	67	67	67	67	67
68	68	68	68	68	68	68	68	68

1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2427	2428	2429	2430	2431	2432	2433	2434	2435	2436	2437	2438	2439	2440	2441	2442	2443	2444	2445	2446	2447	2448	2449	2450	2451	2452	2453	2454	2455	2456	2457	2458	2459	2460	2461	2462	2463	2464	2465	2466	2467	2468	2469	2470	2471	2472	2473	2474	2475	2476	2477	2478	2479	2480	2481	2482	2483	2484	2485	2486	2487	2488	2489	2490	2491	2492	2493	2494	2495	2496	2497	2498	2499	2500
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هكذا من الاصل

FIRST COLUMN

D-Day: It's Truly A Tale Of Money

AS POLITICAL chiefs and old soldiers gather this weekend in Normandy to commemorate the 50th anniversary of the beginning of the end for the Third Reich, it is important to remember how that infamous regime came to power. It is not a tale of huge armadas, human courage or death on a beach. It is a story about money.

Following World War I, the Treaty of Versailles specified that Germany had been the premier aggressor and was therefore financially responsible for the havoc wrought. Billions of dollars in reparations were demanded which, if Germany had any hopes of surviving the post-war period, it could simply not afford to pay.

But pay Germany did. When the real money ran out, the mint just printed some more. The inflationary cyclone began to whirl. In 1922, the mark fell from 162 to the U.S. dollar to 7,000. By July 1923 the exchange rate reached 160,000 marks and, by November, the stunning sum of 4.2 trillion marks was required to buy one dollar. Barter replaced worthless currency in Germany and food riots were common.

By the late 1920s, foreign loans had brought some stability, even a modicum of prosperity back to the country, but the credit started to dry up in 1929. The U.S. stock market crash in November sent Germany into an economic tailspin worse than that of virtually any other nation. The political consequences were immediate, and extremist parties which defiantly preached a path to a new sense of national self-respect began to find listeners on street corners.

Thus, the rise of National Socialism and its leader, a failed artist, Adolf Hitler.

Germans never forgot the economic humiliation of Versailles, and Hitler's relentless, wide-eyed oratory on the subject never let them. Then, the Depression strengthened his hand. Desperate people follow strong leaders who appear to show a way out of the darkness.

But put a man like Hitler into a different economic setting, where people have enough to eat and at least a partial sense of being able to determine their own lives, and maybe he is dismissed as a fanatic. Such is the role of money, or its lack, on the stage of history.

Of course, had Hitler gained admission to art school in Vienna — he was rejected twice, as a young man — perhaps there would be nothing to commemorate on June 6. But that, as they say, is another story.

P.C.

Latin Bonds Have Plummeted, But When Will They Recover?

By Rupert Bruce

EMERGING markets were among the greatest beneficiaries of the liquidity bubble blown by the low U.S. interest rates that prevailed until earlier this year. When the bubble burst, however, emerging markets fell just about everywhere. Latin America was particularly hard hit.

Since the Federal Reserve Board starting tightening its monetary policy in February, emerging bond markets, including those in Latin America, have sunk like stones. The Salomon Brothers Brady Bond Index, which measures the capital value of emerging markets' government bonds, fell nearly 20 percent over February and March.

Barton Biggs, director of worldwide equity research, strategy, and economics at Morgan Stanley, has blamed leveraged investors for the phenomenon.

"The correction was entirely technical, and I think it came about because the indignation in other markets and the losses that the hedge funds and other players took forced them to cut back in these markets," he said at the bond crash's nadir.

John Purcell, managing director and head of the emerging markets research group at Salomon Brothers Inc., later added that some of the domestic Latin American investment companies were leveraged and were forced sellers.

But there is some encouraging news, say analysts. To start, the Brady Bond Index found its bearings in May, rising 5 percent. Some of the skittishness over how far U.S. interest rates will rise appears to have eased. And some observers say that political tensions in Latin America are, overall, calming down.

Thus the byword on Latin American government and corporate issues seems to be: There are some attractive and secure yields to be found, but proceed with caution.

Leveraged investors have received more than their share of criticism recently, chiefly because they make markets more volatile. If a player invests \$1 million and borrows another \$4 million, for example, the investment only has to fall 20 percent for the initial capital to be wiped out. In practice, leveraged investors are often asked to put up more capital — known as a "margin call" — as their investments fall, and this often leads to selling elsewhere in order to raise the cash. In this way, declines can become self-feeding.

In many emerging markets it is quite common for local investors to buy securities on margin for short-term speculation. This is

Emerging Again?

Leading mutual funds investing in Latin America. Percentage gain, income reinvested, excluding charges. To May 2, 1994.

Performance over 1 year		Performance over 3 years		Trib Index Latin America		Brady Bond Index	
Fund	Return	Fund	Return	Daily closing		Daily closing	
Umbrella Fd Brazilian Eq (e)	110.7	Baring Puma	226.43	120	1993	300	Dec. 1988 = 100
Iscu Opps Brazilian Equates	95.00	Schroder Latin America	223.08				
Eternity	94.81	Latin America Emerging Mkts	217.33	90		250	
Colombian Investment Co.	74.20	Equity Fund of Brazil	206.79	60		200	
Equity Fund of Brazil	72.09	Geness Chile Unlimited	174.01	30		150	
Brazil Investment Fund Inc.	70.56	New World Investment Fund	152.97	10			
Latin American Emerging Mkts	70.18	Latin America Investment Fund	141.48				
Geness Chile Unlimited	66.16	Chile Fund	138.82				
Infinity Ltd.	65.64	G.T. Chile Growth	138.05				
G.T. Chile Growth	65.53	Dellac Latin American	131.57				

Source: Micropal, Salomon Brothers, Bloomberg

often cited to explain why emerging markets are more volatile than developed ones.

Of course, that volatility can work in one's favor, as with bull run in emerging-market bonds that began in earnest at the beginning of 1993.

According to Marc Wenhammar, head of fixed-income securities at Foreign & Colonial Emerging Markets Ltd., that rally occurred because Latin American bond markets tended to follow U.S. bond markets — which they are valued against — and because some of the excess U.S. liquidity found its way to Latin America. It was a classic reversal: While Latin American flight capital had often prodded U.S. markets, this time it was the other way around.

Emerging-market bonds are priced rela-

tive to U.S. Treasury bonds because investors assume they are more risky, and therefore should be cheaper. For that reason, they tend to have higher yields. But as the risk is perceived to decline, the spread between their yields and those of U.S. Treasuries narrows.

In 1993, the Salomon Brady Bond Index climbed more than 40 percent, and many investment funds prospered with it. Foreign & Colonial's Latin American Extra Yield Fund, which is listed on the London Stock Exchange, rose almost 35 percent, while its more conservative Latin American Income Co., a Luxembourg SICAV, rose more than 11 percent. This year, the extra yield fund is down 10 percent, and Latin American Income Co. is flat.

Leveraged U.S. investors made a tidy turn by borrowing dollars at a rate of about 4 percent, and then investing the proceeds in bonds which had yields at least 2 percentage points higher. Any capital gains were a bonus.

For those investors who were not leveraged, the standard investment theme was: Latin American borrowers were becoming more creditworthy following the dark days of the 1980s, when many governments defaulted on their debt repayments. Therefore, the relatively high-income yields on the bonds looked secure. Now, things are starting to stabilize and this story can be heard once more.

With the Salomon Brady Bond Index rising 5 percent in May, Mr. Wenhammar said

An Explosion in New Latin American Funds

By Judith Rehak

THE realization that Latin America is no longer an economic disaster, but a place where big profits can be made, is fueling an explosion in Latin American funds.

According to Lipper Analytical Services, which tracks funds, there were only 13 U.S.-registered funds dedicated to Latin America at the end of 1992. Currently, there are 24, both closed- and open-ended. Assets in closed-end funds alone stood at \$3.3 billion at the end of March, up from \$1.9 billion in 1992.

The charge into Latin America has not

gone unnoticed by fund managers elsewhere. At the end of April, Micropal, the British fund data group, was tracking 60 Latin America equity funds registered outside the United States, double the number of a year earlier.

In the United States, the latest wrinkle is the open-ended Latin America fund, some of them from no-load money managers like Scudder Stevens & Clark and T. Rowe Price. As Latin America's markets took off last year, some of these funds turned in spectacular performances: Scudder's Latin America fund was the top performer in its category in 1993, returning a 74.3 percent, while the worst performer was up almost 41 percent, according to Lipper.

Latecomers who jumped on board have been disappointed. Since Jan. 1, open-end Latin America funds have fallen 7.22 percent as a group. Nevertheless, the Latin America story remains compelling, analysts insist.

"Economic reforms are really taking hold, whether it's Argentina, Chile or Peru," said Michael Porter, Smith Barney Inc.'s country fund analyst. "These countries have very youthful populations, they are rich in natural resources, and there's the prospect of a hemisphere free trade zone. You really have a very bullish long-term story."

"In the past, you were considered a fool to invest in Latin America. Now, you'd be crazy not to invest there."



people have become active in the markets once more. "The dedicated players, some of the local investors, leveraged or not, and even some of the nonleveraged players like hedge funds, are back," he said.

Mr. Wenhammar has recently managed to raise \$79 million for the new Latin American Corporate Bond Fund, so things must be better than they were in February and March.

Paul Ghaffari, the principle portfolio manager for emerging markets debt at Morgan Stanley Asset Management, said that the short-term players have stopped selling, and that some of the uncertainty over how far U.S. interest rates would rise has evaporated. He also believes that investors have realized the markets' fundamental value, which, he adds, may actually have improved during the bond market crash.

"We are calling for a 15- to 20-percent rise from the trough in April on a 12-month time horizon," he said.

Another stabilizing factor is said to be the improving political situation. Mr. Biggs said he believes that the worst of Latin America's current political squalls are in the past.

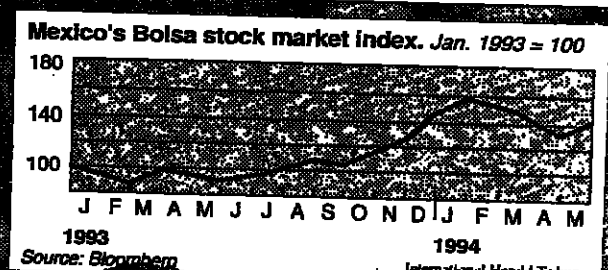
Mr. Purcell of Salomon Brothers predicts that in a year's time the United Mexican States 6 1/2 percent bond maturing on Dec. 31, 2019 — the benchmark Latin American bond — will have risen in value by 10 percent. When that is added to the income yield, it could give a total return of as much as 20 percent.

Mr. Wenhammar added a few words of caution: "We were saying last month that if you just stepped in and bought, you would look back at the end of the year and say it was a good move. Now you should be a bit more selective."

The Money Report is edited by
Martin Baker

Mexican Politics Giving Investors Pause

Luis Donaldo Colosio Murrieta, a leading presidential candidate, whose assassination in March unnerved investors.



By Judith Rehak

FOR a textbook example of how political tides affect investing in emerging markets, one need look no further than Mexico during the past year. Amid the euphoria surrounding the approval of the North American Free Trade Agreement in November, foreign investors piled into Mexican stocks, driving the Bolsa index to a high of 2,881 in February, despite the January uprising by Indian rebels in the southern state of Chiapas.

But the March assassination of the presidential candidate Luis Donaldo Colosio Murrieta, a leader of Mexico's long-dominant Institutional Revolutionary Party, proved too unnerving for many. Lots of investors ran for the exits, and the stock market tumbled until it bottomed out just below 2,000 in April. Investors were also disheartened by the news that economic growth in Mexico had slowed to 0.4 percent in 1993.

Hit by the bad political news and by interest-rate increases in the United States, Mexico's short-term rates spiked up to nearly 18 percent in April and there were fears that the peso would be devalued.

The situation has calmed in recent weeks, but many investors are remaining on the sidelines until the presidential election on Aug. 21 before deciding whether to get back into the game. If the election proceeds in an orderly fashion and if the Institutional Revolutionary Party retains its power, many analysts say, the markets should receive a boost.

Some Latin America watchers, however, contend that Mexico represents a buying opportunity right now. The uncertain economy and political problems, they say, are a short-term cost of the country's transition from an authoritarian one-party system to an open democracy.

"The fundamentals of the country are very strong, and we continue to be positive," said Carlos Fritsch, Mexico strategist for the brokerage S.G. Warburg.

Mr. Fritsch noted that inflation has cooled to 7 percent annually, and that Mexico can boast a balanced national budget. He also pointed out

that short-term rates have dropped back to around 16.5 percent and predicted that rates could go as low as 11 percent by the end of this year.

Mr. Fritsch acknowledged, however, that economic growth would probably be only 2 percent in 1994. "Investors would prefer 4 to 5

Analysts say the fundamentals are good, but investors had better have the stomach for volatility.

percent, but that's not going to happen right now," he said. "I'm predicting 3.5 percent growth for 1995 and a 5 percent average annual growth for the rest of the decade."

On the political front, sentiment is growing that the Institutional Revolutionary Party will indeed win the August elections and will continue its programs for economic and political reform. Among the believers is Barton Biggs, Morgan Stanley's director of worldwide equity research, who last week named Mexico as one of the best emerging market investments today. Mr. Biggs said there could be a major bull move in the Bolsa in the second half of this year.

For investors who like Mexico — and who have a stomach for volatility — funds that represent pure plays include the U.S.-based Mexico Fund, Emerging Mexico Fund and Mexico Equity & Income fund, all of which are closed-end and traded on the New York Stock Exchange. Closed-end funds have a fixed number of shares. With the market's slide between February and April, the prices of these three funds have slumped substantially and their fat premiums of last year have disappeared.

Michael Porter, Smith Barney Inc.'s country fund analyst, recommends the Mexico Fund, which traded at around \$31 a share this week, at a 6.2 percent discount to the value of its assets.

For the more adventuresome, Mexico is one of the few emerging markets that makes it easy

to invest in an array of individual companies via American depositary receipts, dollar-denominated shares that trade on U.S. exchanges. A number of Mexican ADRs trade on SEAQ International, the London-based quotation system.

Mr. Biggs likes Telefonos de Mexico SA, or Telcel, the country's phone company and bell-wether stock, which is selling at just under 10 times earnings. He favors banks for the same reason, among them Bancomer SA, Mexico's second-largest financial institution, at only eight times earnings.

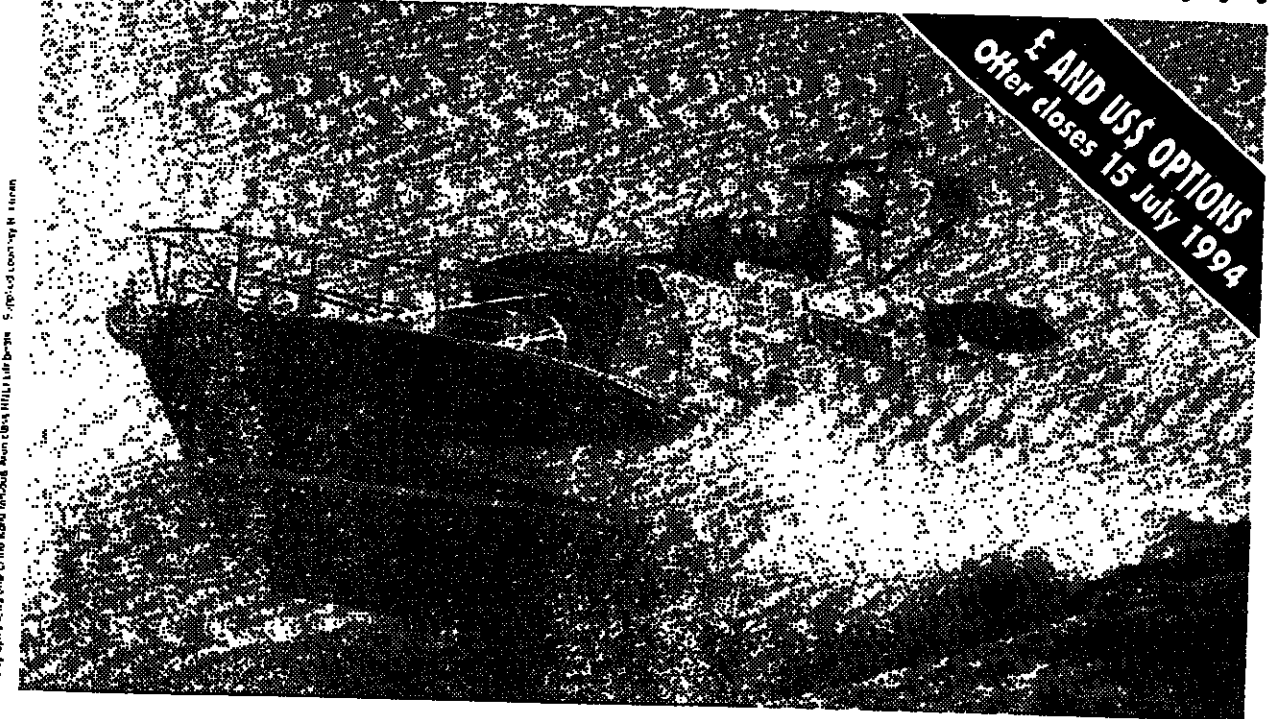
At Dean Witter Reynolds, Alex Pidhorodetzky, head of Global Equity Marketing, is touting Grupo Tibasa SA, Mexico's second-largest construction company, whose operating profits rose nearly 12 percent last year, despite the economic slowdown. He also likes Grupo Televisa SA, the largest media company in the Spanish-speaking world, which is expanding into the United States and Peru. Now selling at around \$55 a share, Dean Witter estimates the stock's price to reach \$80 within 18 months.

Mr. Fritsch predicts that construction companies will be the most dynamic stocks, among them Empresas ICA SA, which builds housing, bridges, tunnels and toll roads, and Cemex SA and Apasco SA, cement makers.

"Mexico wants to build its infrastructure so it can play in the big leagues and compete with the U.S. and Canada, now that it's in NAFTA," Mr. Fritsch said. "Secondly, there is a lack of housing in Mexico, and both the government and private entrepreneurs are going to build housing."

Investors who want to hedge their Mexico bets can choose a Latin America regional equity fund that spreads risk among countries like Chile, Argentina, and Brazil, as well as Mexico. In the United States, the G.T. Latin America fund has a 30 percent stake in Mexico. Two newer arrivals from Fidelity and no-load managers T. Rowe Price, have roughly half their assets there. Choices open to European investors include Luxembourg-registered Latin America funds from the Flemings and Fidelity groups, Union Bank of Switzerland's America Latina Fund, and the Schroeder group's Latin American fund.

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THE MONEY REPORT

Brazil Stocks: Rough Ride Is Foreseen

45% a Month Inflation And Political Doubts Cool Investor Ardor

By Digby Lerner

VIEWED by many emerging-markets analysts as a wild card bet, as likely to soar as to plummet during any given month, Brazil has been giving equity investors a good run for their money lately. The country's main stock index, the Ibovespa, has been moving higher all year. But the market's volatility is such that it could easily drag investors in the opposite direction.

Strong-stomached investors who stay in Brazil despite the market's ups and downs usually point out that holding tight is all part of the emerging-markets game. But even some of the diehards are predicting a rough ride for the country in the short term.

The two principal reasons for the cautious outlook are inflation, currently running at around 45 percent a month, and the uncertainty surrounding Brazil's presidential and legislative elections coming up in October.

In the meantime, analysts hold a wide range of views on investing in Brazil. Some feel the upward potential of the market is impossible to resist, while others advise staying far away. The only consensus is: *Caveat emptor*, or let the investor beware.

On the plus side, the battle against inflation may have already begun. Brazil's government, under President Collor, has launched a long-term plan to promote economic stability whose key element is the introduction of a new currency. The new monetary unit, the real, will partially be backed by Brazil's more than \$33 billion in foreign reserves and is scheduled to be put into circulation July 1.

The value of the real has yet to be determined, but parity with the U.S. dollar is said to be likely. Those holding Brazil's current monetary unit, the cruzado, will initially be able to buy the real based on the cruzado's value against the dollar, analysts say.

While the new currency is essentially a short-term measure aimed at buying the administration enough time to bring in more fundamental reforms, some analysts say it will immediately bring inflation down to around zero. But its success, many add, depends heavily on the outcome of the October elections.

Angela Mello, a senior vice president at Lehman Brothers in New York, said that the election of left-wing candidate Luis Inacio da Silva, often referred to as "Lula," who is currently ahead in the polls, could spell trouble for the economic reform program.

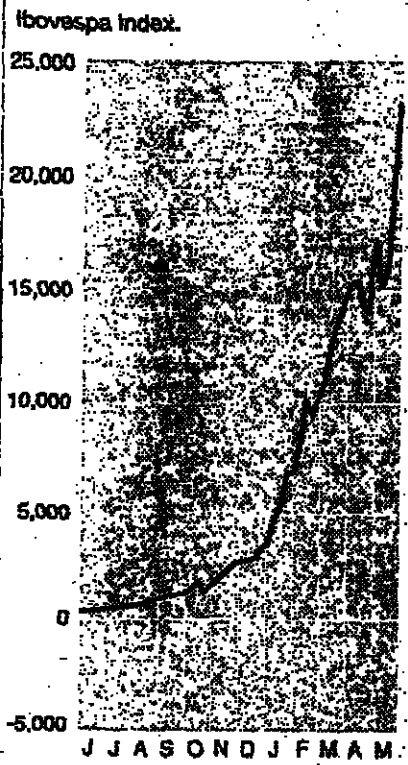
"If Lula wins, there will be a big question mark over financial reform," she said. "He was recently here in the States and wasn't very clear regarding matters like foreign debt. On the other hand, it's too early to say for sure that he's going to win."

In April, Brazil completed an agreement with its creditor banks that reduced its nearly \$50 billion in foreign debt through lower interest rates and new, longer-term loans.

Miss Mello said she is confident that Brazil's former finance minister, Fernando Henrique Cardoso, who masterminded the new economic plan and who is now a presidential candidate backed by Mr. Collor, will surpass Mr. da Silva in the polls when the real is launched.

"Cardoso has barely started his own campaign," she said. "People are going to find a tremendous improvement in their purchasing

Brazilian Stocks



Source: Bloomberg

Beware the Venezuelan Siren Song

By Iain Jenkins

VENEZUELA is not the obvious investor choice. The currency is in free fall. Violence erupts every time the government tries to increase the price of gasoline. Inflation is soaring. A respected governor of the Central Bank has resigned. And stocks and bonds have crashed.

Furthermore, Venezuelans have clearly lost confidence in their own economy. Some analysts joke that the only booming business in Caracas since the start of the year has been Swiss banking — a reference to the estimated \$3 billion that has been funneled out of the country since the beginning of the year.

Foreign investors and funds have followed suit. Most mutual funds focused on Latin America currently have little or no exposure to Venezuela. And many of those which have retained a nominal position were simply left holding stocks that were too illiquid to sell during the stampede to get out.

Yet, some people think that now is the time to invest. The argument is that all the uncertainty has created a unique buying opportunity at bargain-basement prices in a country that is essentially rich. Thanks to oil, Venezuela still has the highest per-capita income in Latin America.

"There are potentially more upsides ahead but there is a good chance that things will start to stabilize," said Richard Watt, who heads up the emerging markets team at Gartmore fund managers in London. "The assets are cheap. It has always been right to buy in moments of crisis in Venezuela because the markets are so illiquid."

Caroline Lane, a director at John Goveit fund managers in London, agreed. "It is incredibly uncertain," Mrs. Lane said. "Things could get worse. But we have 2 percent of our Latin American fund in Venezuela. We are talking a bet that the economy is flat on its back and will probably improve from here on."

She added a word of caution: "You wouldn't want to put your grandmother's savings into Venezuela. But on the other hand, if you like a risk, it could just double. It is another Brazil or Turkey. It has high inflation but it is still possible to make money."

Such is a minority view, however. Most Latin American experts still believe that the crisis — which started last year with the impeachment of the president Carlos Andres Perez, due to corruption charges — is going to get worse before it gets better.

With the country's currency, the bolivar, in free fall and inflation forecast at 55 percent for the year, the signs are ominous. Furthermore, the new government of President Rafael Caldera Rodriguez, who took office in February, has made the situation worse by quarreling with the respected governor of Venezuela's central bank, Ruth de Krivoy.

In an effort to kick-start the stalled economy earlier this spring, Mr. Caldera tried to force the independent central bank to cut interest rates. Mrs. Krivoy refused to sanction the policy and resigned as governor in late April, which further fueled the collapse of the currency and the markets.

To add to the government's woes, Banco Latino, the country's second-largest bank, collapsed in February. The event was followed by a run on eight of the country's banks, forcing the government to spend \$6.5 billion to prop up the banking sector, a sum representing 11 percent of Venezuela's GDP and 70 percent of last year's tax revenue.

Alfredo Viegas, Latin American market strategist at Salomon Brothers in New York, said: "The equity market will remain depressed until confidence is restored. Over the past few months confidence has taken a battering."

At the heart of the problem is oil. The country has become overly reliant on its oil wealth, which has been used to support an artificially high exchange rate. This has helped finance cheap shopping trips to Miami, but has done

nothing to improve the country's infrastructure or to diversify the economic base.

However, there are a number of positive signs. Recently, the oil price has been edging upwards, which analysts say will help the trade balance and government revenue. And for the first time in memory, the two main political parties are calling for action. There is even an outside chance that the International Monetary Fund will be called in to help.

Frederico Laffan, investment manager at Foreign & Colonial Management Ltd. in London, which runs 11 Latin American funds, agrees that there are some positive signs. He said that stocks are cheap and that recent moves to auction dollars to get rid of the unofficial dollar market may help confidence.

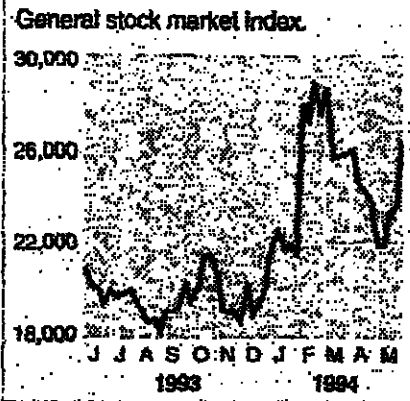
"However, I don't feel optimistic," Mr. Laffan said. "Venezuela has a cultural problem. People are used to being wealthy and can't understand why they aren't anymore. There are other places to put your money. Stocks may not be as cheap, but the risk-reward ratio is better in other Latin American markets."

James Krengel, Latin American economist at Kleinwort Benson Securities in London, said: "If they are serious about an austerity program and if Caldera has to eat his populist pre-election words, then Venezuela could have bottomed out. If not, there is a lot more downside to come. Venezuela could become a basket case."

For any investor prepared to bet that Venezuela has indeed hit bottom, there are a limited number of ways of putting your money there. Dollar-denominated Brady bonds, which plummeted this winter but have since shown signs of resurgence, are one option. Scudder, Stevens & Clark, the U.S. fund management group, runs The Venezuela High Income Fund, a bond fund mentioned favorably by analysts.

However, Jonathan Kelly, who runs Fidelity's Global Bond Fund in Boston, said: "Venezuelan bonds are certainly cheap. For the sophisticated investor who understands the

Venezuelan Stocks



Source: Bloomberg

market, they could be attractive on a speculative basis, but I would stay away until there is some positive transformation in the economic fundamentals."

For equity investors, direct investment in Caracas is virtually impossible due to its archaic settlement system. As there are no Venezuelan open- or closed-end country funds, the only options are to find Latin American regional funds that have high exposure to Venezuela or to invest in the eight Venezuelan ADRs listed in the United States.

Gartmore is one of the few fund groups that has significant exposure to Venezuela. Since the market setback earlier this year, \$47 million, or 8.6 percent of its four emerging-market funds has been invested into the country. Its recently launched Indosuez Latin American Fund, a Luxembourg-quoted SICAV, plans to invest up to 10 percent of its capital in Venezuela.

For those who prefer a more direct and volatile investment in Venezuela the best route is ADRs. These tend to trade on a premium to the underlying stock in Caracas and the spreads are often wide. Many analysts say that the best bets are Siderurgica Venezolana Siveasa, a steel company, and Mavesa SA, a food producer.

In Peru, A Maturing Market Moves Up

By Rupert Bruce

WHEN international investment banks first discovered Peru and started to promote it as an emerging market a couple of years ago, the joke was that the country fit in better with the Wild West than with Wall Street.

Indeed, in the late 1980s and early 1990s, the country seemed to be falling apart. The Maoist Shining Path guerrilla movement dominated much of the countryside, hyperinflation ruled, and the national economy was shrinking at an alarming rate.

Despite President Alberto Fujimori's suspension of the country's constitution and dissolution of its congress in April 1992, however, analysts say that Mr. Fujimori has nonetheless opened up Peru's economy, especially since the capture of Shining Path leader Abimael Guzman later that year. In 1993, the country's economy grew by 6 percent, while inflation ended the year at a relatively modest 39 percent — down from a staggering 7,650 percent in 1990, 150 percent in 1991 and 70 percent in 1992.

This year, the brokerage James Capel & Co. is forecasting economic growth of 5 percent in Peru, and a slide in inflation to 35 percent. Peru's prime minister, Efraim Goldenberg Schiebel, has said the official target is 20 percent.

Peru's stockmarket has reflected the positive signs for political and economic stability in the country by becoming the best-performing equity market in Latin America over the past three years. Peru's General Stock Index rose by more than 100 percent in dollar terms during both 1991 and 1992, before returning 89 percent last year. The index was initially driven by gains in the larger shares, while last year the smaller, second-line stocks caught up.

Frederico Laffan, investment manager at Foreign & Colonial Management Ltd. in London, which runs numerous Latin American funds, said the stellar performance was justified by revaluation from the market's low point.

"Peru's development has obviously happened later than it did in other Latin American markets like Chile and Mexico," he said. "The revaluation phase for those markets was in the early- to mid-1980s."

In addition to the capture of Mr. Guzman, the guerrilla leader, the demise of vestiges of previous left-wing governments have pleased international investors and helped the market rise, say analysts. Among these are the elimination of a 37 percent capital-gains tax in November 1992, the adoption of a privatization program, and the establishment of a private pension system.

The rise in the General Stock Index has continued this year, to the tune of a 20 percent increase. But now, with a market price-earnings ratio of 17.5, the market is thought by many analysts to be fully valued.

"We believe this is going to be an earnings-driven market," said Mr. Laffan. "We are looking at an increase of about 35 to 40 percent this year in the index, with earnings growth of 40 to 45 percent."

Nigel Rendell, emerging markets strategist at James Capel, said that Peru is no longer looking particularly cheap. He pointed out that there are cheaper Latin American markets, like Mexico. Nonetheless, he added, Peru is viable.

Investors interested in Peru can make plays through country funds such as Foreign & Colonial's Peruvian Investment Company, or through regional Latin American funds.

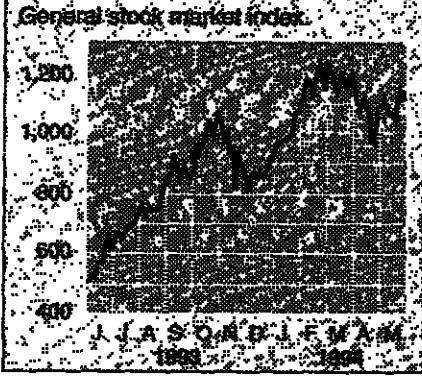
There are, of course, still many doubts about Peru, say analysts. According to Mr. Rendell, some investors still avoid it because they find the political risk unacceptable.

"In our opinion, politics does seem to be the biggest risk in Peru," said Mr. Laffan. "The coup has enabled the Fujimori government to

push through economic reforms and other measures, but you have a very weak legislature, civil service, and judicial system."

Mr. Rendell is still reasonably optimistic, however. "Some people still stay away from Peru because they think the terrorists may come in and take over. I think that is a very small possibility."

Peruvian Stocks



Source: Bloomberg

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BRIEFCASE

Bank-Card Fraud Fell In France In '93

France, looked to by many retailers and payment-systems analysts as the world's pacesetter in bank-card technology, appears to be continuing its highly successful battle against fraud.

According to statistics recently released by Groupement des Cartes Bancaires "CB," an umbrella trade organization that includes the widely held Carte Bleue bank-card brand, fraud fell to 207 million francs (\$36.8 million) in 1993, down 45 percent from 1992. The group said the improvement was especially significant considering that the volume of payments made with CB bank cards — which carry either the Visa or MasterCard logo — rose by 7.6 percent to 511 billion francs in France over the same period.

Analysts attribute the results to the fact that, since January 1993, all CB cards have been made with a microchip, which, when programmed with a personal identification number, makes fraudulent use of the card more difficult. About three-fourths of card-accepting merchants in France pos-

sess compatible terminals. Cards that use magnetic strips to store information and provide security barriers remain the norm throughout most of the world.

Bank card fraud in Britain reached £165 million (\$247 million) in 1992, and is estimated at \$1 billion annually in the United States.

New Guide Rates British Unit Trusts

Newsletters offering advice to investors have developed into a small industry, and professional investors say the quality of such publications varies widely. A new British publication that says it seeks to guide investors in making their own decisions — rather than telling them what to do — is getting good reviews, however.

The UTA Guide, introduced last week by Unit Trust Analysis Ltd., provides investors with detailed information on more than 350 authorized British unit trusts selected from those with the most consistent performance records over the past five years. The monthly guide,

which costs £149.50 a year, is divided into six stock market sections: U.K. equity income, high income, international equities, U.K. equity growth, Far East, and Europe and North America.

The publishers say the guide is primarily intended for investors without a regular adviser or broker. For further information, contact Unit Trust Analysis Ltd. in London at (44-71) 600-7777.

Warburg Unit To Sell A SICAV In Austria

Warburg Asset Management has announced that its \$775 million Mercury Selected Trust, a Luxembourg-based SICAV, will now be marketed to investors in Austria. The trust, an umbrella fund with 30 subfunds ranging from global bond and equity funds to regional and single-country funds, has already been authorized for distribution in Britain, Luxembourg, Germany and Hong Kong.

Warburg's decision to pursue the Austrian market, said company chairman Andrew Dalton, was par-

tially due to the country's high personal savings rate of 13 percent. The fund allows six switches between subfunds per year at no charge, and dealing is available on a daily basis.

For further information, call (352) 42121.200.

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(From 1st June, 1993 to 30th May, 1994)

ASIA TIGER WARRANT FUND*

(From 1st June, 1993 to 30th May, 1994)

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MSCI Europe (U.S.\$) + 14.59%

Source: MSCI, offer-to-offer, no income (U.S.\$)

INVESTCO Asia Tiger Warrant (U.S.\$) + 94.47%

MSCI Pacific ex Japan (U.S.\$) + 30.36%

Source: MSCI, offer-to-offer, no income (U.S.\$)

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(From 1st June, 1993 to 30th May, 1994)

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(From 1st June, 1993 to 30th May, 1994)

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MSCI World Index (U.S.\$) + 7.74%

Source: MSCI, offer-to-offer, no income (U.S.\$)

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MSCI Europe (U.S.\$) + 14.59%

Source: MSCI, offer-to-offer, no income (U.S.\$)

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SPORTS

AC Milan Forces Van Basten Out Of World Cup Play

MILAN — Marco van Basten ruled himself out of the Dutch national soccer team for the World Cup on Friday after his Italian club AC Milan made it clear they were adamantly opposed to the injured striker's selection.

"Milan made this decision and I had to respect it," van Basten said after a training session at the club's Milan headquarters. "My heart told me to go but the head won out. Milan made their position very clear and I have no choice but to accept that."

The three-time European soccer player of the year, who has not played since May last year because of a serious ankle injury that has required two operations, was invited to become the 22nd and final player in the Dutch squad after Ruud Gullit withdrew on Monday without offering an explanation.

The invitation was initially accepted by van Basten who told Coach Dick Advocaat on Thursday that he was ready to replace Gullit. But he reversed his decision after Milan said legal action could follow by playing before he was fully fit.

Adriano Galliani, Milan's deputy chairman, said, "Not only are we absolutely opposed to the idea of

him going to America but we believe that, in that case, there would inevitably be legal problems.

"Van Basten is in no condition to take part in the World Cup. If he goes as the 23rd man, no problem. But if he goes as the 22nd, however sorry I am to say it, that would be the end of a dream for us."

Van Basten said he was surprised by the club's hard line.

"I didn't expect such a strong reaction," he said. "I intended to go over there to train. I only intended to play if I felt fit enough."

"I'm very sorry for the fans, the other players and for Advocaat, who has been very kind to me."

Advocaat calling in the Anderlecht striker John Bosman, a surprising omission from the 1990 Dutch World Cup squad, to fill the spot.

"I'm sorry about the Gullit case and I'm sorry that this has happened now," van Basten said. "If it had been kept private then Milan, Advocaat and myself could have come to a decision without any fuss."

Van Basten will have a further medical check on June 21.

"Of course, if I feel fine in three weeks it will be hard to sit and watch the World Cup on television," he said. "I hope I've made the right decision."



Scott Klinglebeck, called up from the minors to fill Ben McDonald's spot, won it for the Orioles.

Rookie Wakes Up Orioles

BALTIMORE — Scott Klinglebeck, called up to fill Ben McDonald's spot in the starting rotation, did a pretty fair imitation of Baltimore's pitching ace.

In his first major league start, Klinglebeck gave up six hits and four runs, three earned, in seven innings, striking out five and walking four as Baltimore beat Detroit, 11-5, the only American League game on Thursday. The Orioles snapped a three-game losing streak and Detroit's four-game winning streak.

"You only get one first start, and you only get one chance to win it," Klinglebeck said. "But we stopped the losing streak. I guess I can say we; I'm still part of the team."

For at least the time being, Orioles manager Johnny Oates said McDonald's status was unsure, although he threw without pain from a strained groin muscle before Thursday's game.

McDonald, who had a string of 80 straight starts broken, can't go, Oates can always call on Klinglebeck.

Never mind that Oates had never seen Klinglebeck before he showed up at Camden Yards Thursday morning from the Bowie Baysox of the Eastern League. Or that Oates mistook two members of the laundry crew for his emergency starter when he arrived at the stadium.

Klinglebeck made a favorable first impression.

"He showed a lot of composure," Oates said. "He did some things

that you'd like experienced veterans to do. He threw some 3-2 change-ups, 3-2 sliders. Sometimes that's tough not only to teach, but to teach them to have confidence in doing it. He did himself proud."

"He wasn't afraid to throw the ball over the plate," said the Tigers' Lou Whitaker, who responded to one of the challenges with a two-run homer in the third inning. "He goes after hitters, mixes pitches up and throws strikes. He was just an aggressive pitcher."

Klinglebeck was the beneficiary of an offensive resurgence by his new teammates, who had dropped five of six games before his arrival. Cal Ripken led the way, driving in four runs with three hits.

After breaking a 4-4 tie in the third inning with an RBI single, Ripken hit his fourth home run of the season in the fourth. Ripken made Tigers reliever Kurt Knudson pay for intentionally walking Rafael Palmeiro to get to him.

Cub Castoffs Lead Phils Past Ex-Mates

CHICAGO — A day after Philadelphia starter Shawn Boskie shut down his former team, the Chicago Cubs, Danny Jackson did it again Thursday, pitching four-hit ball over eight innings in a 4-2 victory.

"I haven't really worried about what happened here in Chicago," Jackson said. "That was three years ago. Now I'm back to where I was in '88. That's what I wanted to do."

What happened in Chicago? Jackson was 5-14 in 1991 and 1992, just a few seasons after going 23-10 for Cincinnati in 1988. He's 7-1 this year for the Phils. It's too early to write the book on Boskie, but his 2-2 record this year is a marked improvement over a 19-29 performance in four seasons with Chicago.

All Jackson needed, he said, was to get healthy and make some adjustments in his delivery with help from the pitching coach, Johnny Podres.

Jackson gave up two singles to Mark Parent and a home run and a double to Shawn Dunston.

"Jackson was in command of his stuff all night," said his manager, Jim Fregosi. "I can't say enough about how he's done this year."

Doug Jones gave up one hit in

the ninth and earned his 13th save. He was 8-for-8 in save opportunities in May. Anthony Young took the loss, giving up six hits.

"I didn't feel like I did my job," Young said. "I started walking the bottom of the batting order and I can't afford to do that."

Consecutive doubles by Pete Incaviglia and Jim Eisenstein in the second gave the Phils a 1-0 lead. Dunston tied it with one out in the fourth, hitting the first pitch for his fourth homer.

The Phils went ahead 2-1 in the fifth when Len Dykstra doubled, advanced on Mariano Duncan's single and scored when John Kruk hit into a double play.

With runners at first and second and two out in the sixth, Jackson singled to make it 3-1 and chase Young. Dunston made an error at short on Dykstra's grounder, allowing another run to score for a 4-1 lead.

Parent singled to lead off the sixth and reached third on Dunston's double two outs later. He scored when Kruk booted Ryan Sandberg's grounder.

Steve Buchele was ejected by first base umpire Joe West for arguing after striking out to end the Cubs' fifth.

Yamaha Wins Whitbread In a Sprint to the Finish

SOUTHAMPTON, England — Yamaha and New Zealand Endeavour finished the Whitbread round-the-world race in victorious style on Friday, storming home with spinners flying in 40 knots of breeze and at a record-breaking pace.

Ross Field, the skipper of Yamaha, was the first of the two to finish as he romped home to be the third yacht across the line at Southampton Water, claiming overall victory in the Whitbread 60 class with a combined time of 120 days and 14 hours.

In the closing stages of the race, Field was forced to concede line honors when he broke a main halyard, blew out a spinnaker and slowed down to protect his overall lead.

"The closing stages of the leg were the most stressful to date," Field said. "But my crew did a great job of handling the boat."

Field punched the air in delight that overall victory was finally his after 32,000 miles (51,500 kilometers) of ocean racing.

An hour later it was fellow New Zealander Grant Dalton's turn to realize the dream he has been chasing since 1989.

New Zealand Endeavour sailed into Southampton as overall winner of the Maxi class, smashing Steinlager's course record of 128 days, nine hours by eight days, four hours.

It was sweet reward for Dalton who spent the entire 1989-90 Whitbread chasing Steinlager's coat tails.

A spectacular Whitbread race was highlighted by a fitting finale on the sixth leg from Fort Lauderdale, Florida. The top three boats raced the final miles within sight of one another and all broke the previous leg-six record.

Whitbread 60 Tokio deserved the accolade of line honors — small compensation for a boat that looked set for overall victory before dropping its mast in the water during leg five.

The New Zealand boat skippered by Chris Dickson, sped across the finish line in Southampton at 11:51 GMT to claim its third trophy as leg winner and smash the leg-six record of 17 days, 28 minutes set by Steinlager in 1990 by more than four days.

"It's very good to finish on a good note," said Dickson. "This is some of the greatest racing I've ever done."

European entry Intrum Justina was due on Friday night with the rest of the boats completing their arduous journey over the next three days.

Rangers Beat Canucks to Tie Series

By Joe Lapointe
New York Times Service

NEW YORK — The wide range between pessimism and optimism among New York hockey fans could be heard throughout Madison Square Garden before the Rangers and the Vancouver Canucks completed Game 2 of the Stanley Cup finals.

Before the game, a group of workers on the employee elevator speculated that this could be their last night of work in the Garden until next autumn. They agreed that neither the Rangers nor the Canucks, in the NBA, would win another playoff game and that both would be eliminated on the road.

Behind the television microphones, Mayor Rudolph W. Giuliani was voicing optimism bordering on hubris. When asked whether City Hall was planning a civic celebration for Manhattan's first cup championship since 1940, Giuliani replied: "Damn right. A big one. We've been waiting a long time."

Although there are no guarantees of a parade, there will be, for sure, another game at the Garden. That will be Game 5, next Thursday.

The Rangers ensured this by beating the Canucks, 3-1, with the tiebreaking goal scored by Glenn Anderson, and orchestrated by Mark Messier, while the Rangers were short-handed.

"People keep asking me why I keep putting him back in the lineup," the Rangers coach, Mike Keenan, said of Anderson. "He's a fierce competitor. He and Mark have been a great combination for years."

Unlike their previous two games, the first of this series and the last of the previous round, the Rangers did not squander a one-goal lead in the final minute of regulation time.

The Canucks pulled their goalie, Kirk McLean, for an extra attacker and threatened, but the Ranger goalie Mike Richter stopped Martin Gelas from close in with about 10 seconds left.

Brian Leetch then flipped the puck down the

ice for the final goal, into the empty net, with 5 seconds remaining. Doug Lidster scored the other Ranger goal and Sergio Momesso scored for Vancouver, both in the first period. The four-of-seven-game series, tied at one victory each, resumes Saturday in Vancouver.

"I believe it's going to be a good series," said the Vancouver coach, Pat Quinn. "We were underestimated by a lot of people. That's O.K. We're not going to make it easy. It's awfully exciting. I catch myself watching the play and not thinking too much, unfortunately."

In the battle of two superb goaltenders, Richter finished with 28 saves in Thursday night's victory. McLean, Vancouver's hero in Game 1, stopped 37 shots.

The first period was much like all of Game 1, with the Rangers holding a large edge in play and getting more shots. But the score was 1-1 at intermission.

Lidster, the former Canucks' defenseman, scored the first goal of the game, unassisted, 6 minutes 22 seconds into the game. After coming up with a turnover in the neutral zone, he wheeled around and skated in along the left boards, then cut in on defenseman Gerald DiDuck. As DiDuck pushed Lidster into McLean, the puck found its way over the line.

Lidster, who joined the Rangers last June in a trade for goaltender John Vanbiesbroeck, did not play in the post-season until the sixth game

of the Eastern Conference finals, against the Devils.

The Canucks got the goal back at 14:04 on a shot by Momesso, who came around from behind the net, pushed past Lidster and knocked a free puck over the goal line.

The scoring sequence, which ended sustained pressure, included two unsuccessful Ranger clearing passes that were knocked down at the New York blue line.

The scoring chances were harder to come by in the second period, and the Rangers got the only goal of the session, scoring while short-handed.

Getting credit for it was Anderson, only his second goal of the playoffs. But the man who did most of the work was Messier, the captain, who intercepted a Trevor Linden pass and raced up the middle of the ice, a play that is characteristic of the Messier style.

McLean went out to meet him in the slot and poke-checked the puck. But Messier recovered it and flipped it back into the slot from the side, where Anderson arrived to find a great deal of exposed net and little resistance from Jyrki Lumme, the trailing defenseman. The score came at 11:42.

The Rangers' power play, without a goal since Game 4 of the previous series, continued to sputter, although there were many chances late in the period. The Rangers appeared to be attacking McLean physically. Esa Tikkanen was penalized for interference after both he and Anderson raised their sticks near the intersection of a loose puck and McLean's mask.

After a whistle ended another thrust to the net, Adam Graves landed on the goalie, without penalty. The Rangers seemed frustrated by Vancouver's defensive tactics and tried to initiate collisions to break the spell. Joe Kocur tried to goad Shawn Aloski into throwing punches. Graves was sent off for tripping after whipping out the legs of Dave Babych.

No guarantees of a parade, but there will be another game at the Garden.

SIDELINES

More Safety Rules for Formula One

GENEVA (AFP) — The International Automobile Federation announced Friday that it will be introducing new measures designed to make Formula One racing safer.

The federation endorsed a series of safety measures already planned, concerning the exit and entry to pits and the cars. But it also backed supplementary measures to increase protection inside the car for a driver's head and neck, and for greater lateral protection of the chassis.

Bartoli Wins Tour of Italy 13th Stage

LIENZ, Austria (Reuters) — Michele Bartoli produced a solo run from the top of an Austrian mountain Friday to win the 13th stage of the Tour of Italy bicycle race.

He finished two minutes and 31 seconds clear of Fabio Fontanelli at the end of the 234 kilometers (145 miles) from Kranj, Slovenia. Flavio Vanzella was third, two minutes 59 seconds behind the winner. Yevgeni Berzin of Russia retained the overall lead.

For the Record

The National Football League, concerned about where the Los Angeles Raiders will play this fall, has asked the city of Pasadena, California, to consider making the Rose Bowl available for the team's home games if the earthquake-damaged Coliseum is not ready.

(LAT)

The Olympic track champion Carl Lewis lashed out at U.S. universities who offer scholarships and financial aid to foreign athletes, saying, "We are bankrupting the world Olympic movement when we should be helping our Olympic movement."

(Reuters)

DENNIS THE MENACE



JUMBLE — WHAT REMEMBERED WORD GAME? The first Jumble was published in 1937. Now arrange the letters to form the words. (Answers Monday)

HELEW
TARDF
RYCKIT
TYNTOK

Answers here: THE

PEANUTS



GARFIELD



BEETLE BAILEY



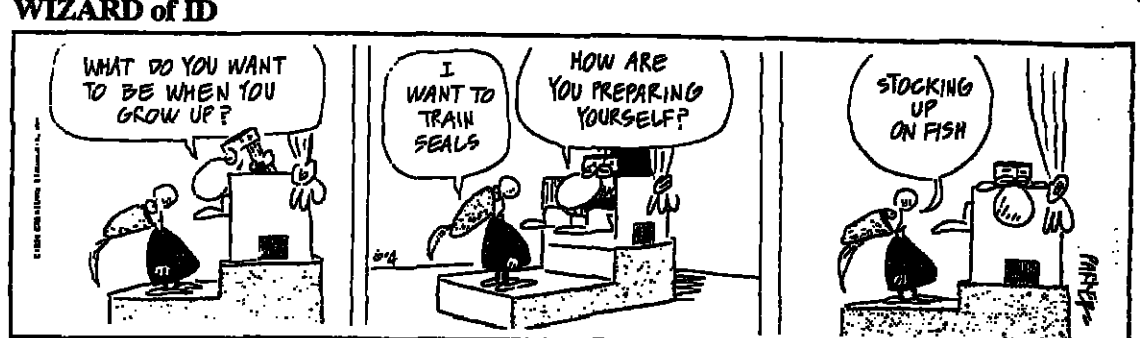
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